

INTERNATIONAL DEVELOPMENT COMMITTEE

Second Report

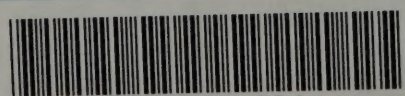
THE DEVELOPMENT WHITE PAPER

Report, together with the Proceedings of the Committee,
Minutes of Evidence and Appendices

*Ordered by The House of Commons to be printed
16 December 1997*

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THE DEVELOPMENT WHITE PAPER

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The International Development Committee is appointed under Standing Order No. 152 to examine the expenditure, administration and policy of the Department for International Development.

The Committee consists of a maximum of eleven Members, of whom the quorum is three. Unless the House otherwise orders, all members nominated to the Committee continue to be members of it for the remainder of the Parliament.

The Committee has power:

- (a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;
- (b) to appoint specialist advisers either to supply information which is not readily available or to elucidate matters of complexity within the Committee's order of reference;
- (c) to communicate to any other committee appointed under the same Standing Order and to the Committee of Public Accounts, the Deregulation Committee and the Environmental Audit Committee its evidence and any other documents relating to matters of common interest;
- (d) to meet concurrently with any other such Committee for the purposes of deliberating, taking evidence, or considering draft reports.

The membership of the Committee since its nomination on 16 July 1997 is as follows:

Mr Dennis Canavan
Ann Clwyd
Ms Barbara Follett
Mr Bernie Grant
Mr Piara S Khabra
Ms Oona King

Mrs Tess Kingham
Mr Andrew Robathan
Mr Andrew Rowe
Dr Jenny Tonge
Mr Bowen Wells

Mr Bowen Wells was elected Chairman 16 July 1997.

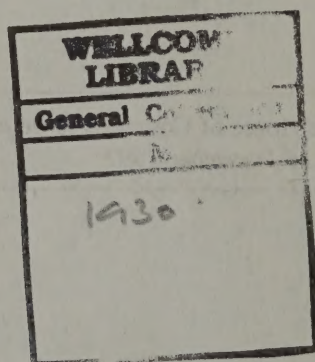


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3. The White Paper on International Development, "Eliminating World Poverty: A Challenge for the 21st Century", published on 5 November 1997, provides such a policy. This was the first White Paper dedicated to international development for 22 years. Its preparation had been one of the first priorities of the newly established Department for International Development (DFID). The creation of DFID, with a Secretary of State at the Cabinet table, was recognition that development was a high-level and important issue. It must never be the victim of short-term political expediency or other interests. We welcome the creation of DFID. We believe that it will bring new energy to the United Kingdom's development activity and also bring new credibility to developmental issues throughout Whitehall.

¹ The White Paper on International Development, "Eliminating World Poverty: A Challenge for the 21st Century", Cm. 3944, para. 1.3 (hereinafter referred to as "the White Paper").

² Q.3.

³ White Paper para. 1.23.

⁴ Q.3.

SECOND REPORT

The International Development Committee has agreed to the following Report:—

THE DEVELOPMENT WHITE PAPER

INTRODUCTION

1. International Development is now a constant item on our television screens and in our newspapers. Subjects discussed range from the abolition of landmines, through the reduction in the emission of greenhouse gases, to Aids and infant mortality in developing countries. It has become apparent to the international community that the development of the poorer countries is not only a moral imperative but also in our own interest. The Development White Paper states, "As a country which depends more than most on international trade and investment, jobs and prosperity here in the UK depend on growth in the global economy to which developing countries could contribute so much in the future".¹ There is also, as the Secretary of State for International Development made clear to the Committee, "the environmental imperative, the growing understanding in the world that if we do not make progress ... the world will be in very serious difficulty...just in terms of population growth, environmental degradation, war, refugee movements, disease, the terrible catastrophes that could come upon everyone and that unite the interests of the north and south in the world".² **International development must therefore be at the centre of all government policy, not just a well-meaning afterthought. It is an essential part of responsible planning for the future of our own country.**

2. Not only must development be considered in all aspects of domestic policy formulation. It also is of the utmost importance in our international relationships. The White Paper points out that Britain has a unique place in the world, "No other country combines membership of the Group of Seven industrialised countries, membership of the European Union, a permanent seat on the Security Council of the United Nations and membership of the Commonwealth. Our particular history places us on the fulcrum of global influence".³ In giving evidence to the Committee the Secretary of State for International Development, the Rt. Hon. Clare Short MP, said that using this influence to promote the development of the poorer countries "would be an enormously fine role for us on the international stage".⁴ We support this ambition. To be an advocate for the world's poor would be morally right, would be in the interests of the United Kingdom, and would take full advantage both of this country's international position and of the expertise of its citizens. For such a role, however, it is necessary first to have a clear and focused development policy.

3. The White Paper on International Development, "Eliminating World Poverty: A Challenge for the 21st Century", published on 5 November 1997, provides such a policy. This was the first White Paper dedicated to international development for 22 years. Its preparation had been one of the first initiatives of the newly established Department for International Development (DFID). The creation of DFID, with a Secretary of State at the Cabinet table, is a recognition that development policy has its own logic and importance. It must never be the victim of ulterior motives or distorted by other interests. **We welcome the creation of DFID. We believe that it will give new focus to the United Kingdom's development activity and also inject greater sensitivity to developmental issues throughout Whitehall.**

¹ The White Paper on International Development, "Eliminating World Poverty: A Challenge for the 21st Century", Cm. 3789, para.1.21 [henceforth referred to as "the White Paper"].

² Q.3.

³ White Paper para.1.23.

⁴ Q.3.

4. The Committee agreed to conduct a short inquiry on the White Paper. The aim has not been to discuss all the matters raised in detail. That would take the whole of a parliamentary term, if not longer. The purpose of the Report has been to give an opportunity both to the Secretary of State to explain in more detail the thinking behind the White Paper and to the NGOs to comment on its contents. The Report also allows the Committee to consider the general philosophy of the White Paper and make recommendations on matters of emphasis and implementation. We trust that the Report will thus inform debate in Parliament and encourage further thought in Government on specific issues.

5. We were grateful to the Rt. Hon. Clare Short MP, Secretary of State for International Development, Mr Richard Manning, Director-General (Resources) and Mr Graham Stegmann, Head of Aid Policy and Resources, Department for International Development, for giving evidence to the Committee. We also received a number of memoranda from organisations and individuals containing their responses to the White Paper's contents. These have proved most useful as the Committee deliberated. We commend all the evidence to the House to inform any future debate on the White Paper.

INTERNATIONAL DEVELOPMENT AND WHITEHALL

6. The Secretary of State has made clear that the White Paper is a Government document, not merely the view of her own department.⁵ Mr Manning said that its production was "very much a coordinated process across Government".⁶ Clare Short explained, "We have for the first time a commitment in Whitehall to a department that brings to the table on questions of agriculture or trade or debt or whatever it is the interests of developing countries and not just the immediate short term interest of our own country...That is an advance and we have all departments signed up to the White Paper".⁷

7. We are pleased to note this emphasis on all departments owning the White Paper. We have no doubt that the White Paper was the result of many hours of debate and some compromise across Whitehall. There is always, however, a gap between the ideal and the reality. Clare Short herself admitted that "some of the tension and pull between short term interests, between immediate departmental interests and bigger world picture interests, will remain".⁸ DFID therefore will need both appropriate structures and adequate support in its advocacy of the development agenda in Government.

8. We were told of some of the structures that had been put in place since the election. A cross-departmental committee on development had been established.⁹ DFID now had a representative on the committee of Whitehall officials charged with examining requests for arms export licences.¹⁰ We welcome these initiatives and look forward to further information on how these cross-departmental committees are operating. We also welcome the fact that DFID now represents the United Kingdom at the World Bank. We trust that DFID is closely involved with the Treasury in the formulation of policy at the IMF and on the question of debt relief.

9. There remains, however, a significant omission. DFID does not have a place on the Cabinet Committee for Defence and Overseas Policy. The Secretary of State explained that she did "attend regularly, but I am not formally a member, so that I think I am not handicapped in terms of the decisions that have taken place at it. I think it may be a little bit of a snub to the Department ... there is a case for arguing that it should, as of right, as a Department be at that table"¹¹. We agree with the Secretary of State. Attendance at a Cabinet Committee is not the same as formal membership, nor is that membership merely

⁵ Q.5, Q.41.

⁶ Q.5.

⁷ Q.41.

⁸ Q.41.

⁹ Q.25.

¹⁰ Q.63.

¹¹ Q.66.

symbolic. The opinions of DFID must carry equal weight with those of other departments of State. The Government must demonstrate the seriousness of its concern to integrate developmental issues into all aspects of policy consideration. **We recommend that the Secretary of State for International Development be a full member of the Cabinet Committee on Defence and Overseas Policy.**

10. The Committee will certainly support DFID in ensuring that all government departments consider development matters in their policy and its implementation. The Committee will call for evidence from other government departments when relevant to an inquiry. Only thus can all government departments acquire the habit of thinking developmentally. We were pleased to note in the recently produced mission statement of the FCO a reference to combatting poverty in the world through the UK's status at the United Nations. There are other government departments whose mission statements and objectives should also make reference to the Government's commitment to international development and the elimination of poverty. They include MAFF,¹² the DTI¹³ and the Treasury, to name but three. Similarly, **we recommend that the departmental reports of other government departments, including the FCO, the Treasury, DTI, MAFF, DfEE,¹⁴ DH¹⁵ and DETRS,¹⁶ all include a section on how their policy and activities have promoted international development and the elimination of poverty. We intend from time to time to take evidence from them on this matter.**

THE ELIMINATION OF POVERTY

11. At the heart of the Government's policy on international development is the elimination of poverty, as the title of the White Paper makes clear. 1.3 billion people live in extreme poverty, on less than the equivalent of one dollar a day.¹⁷ Almost 70 per cent of them are women. **The concern to eliminate poverty provides an admirable focusing of our development efforts on the truly important.** The Secretary of State said that "there was a whole period in the history of development when the general view was that big projects in poor countries helped the countries and therefore would help the poor, and the whole era of massive dams and big infrastructure projects came out of that analysis. Part of this [focusing of development effort on poor people] is lessons about what reaches the poor and what does not reach the poor".¹⁸ The focus on poverty thus partly involves a reassessment in the development community of how the poor can really be helped. The White Paper in section 2 outlines the new agenda. There is now a particular emphasis, for example, on greater equality for women, good governance and the rule of law, and such sectors as health, education and family planning.¹⁹

12. The focus on poverty is in part a result of a new analysis of developmental effectiveness. It is also the result of changes in the international political order. The end of the Cold War has removed one of the great pressures for the misuse of aid for political ends. It has coincided with a series of international conferences under the auspices of the United Nations which have set an internationally agreed agenda on such issues as the environment and development, population and development, women, food, human rights, social development, and human settlements. Development must ultimately be viewed as an international effort. This is because the challenge of poverty is so large that only an international response can be effective. It is also because the increasing globalisation of trade and finance means that solutions to poverty are often global ones.

¹² Ministry of Agriculture, Fisheries and Food.

¹³ Department of Trade and Industry.

¹⁴ Department for Education and Employment.

¹⁵ Department of Health.

¹⁶ Department of the Environment, Transport and the Regions.

¹⁷ White Paper para.1.9.

¹⁸ Q.17.

¹⁹ White Paper para.2.3.

13. The commitment to eliminate poverty does not remain purely theoretical in the White Paper. The Government commits itself to a number of international development targets as found in the document 'Shaping the 21st Century: The Contribution of Development Co-operation', produced by the Development Assistance Committee (DAC) of the OECD²⁰ and published in May 1996. They are:

- a reduction by one-half in the proportion of people living in extreme poverty by 2015.
- universal primary education in all countries by 2015.
- demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005.
- a reduction in the mortality rates for infants and children under 5 and a reduction by three-fourths in maternal mortality, all by 2015.
- access through the primary health-care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than 2015.
- the implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

There are also important qualitative targets such as democratic accountability, the protection of human rights and the rule of law.²¹

14. The White Paper's focus on poverty was universally welcomed in the memoranda received. This is in itself important, suggesting a shared vision in government and civil society which is vitally important for future success. The adoption of the DAC targets was also praised.²² There was, however, concern that others would have to adopt these targets for them to be at all reachable, in particular the multilateral institutions. **An obvious donor which must commit itself to the targets is the European Union.**

15. Over 30 per cent of the United Kingdom's development programme is spent through the European Union. If the European Union does not also commit itself to the DAC targets the United Kingdom's efforts will be seriously frustrated. The Committee was pleased to note a greater emphasis on the alleviation of poverty and mention of the DAC targets in the Commission's recent Communication on the renegotiation of the Lomé Convention.²³ The White Paper commits the Government to use its influence to strengthen the poverty focus of the European Union's development programme and set quantifiable targets for poverty reduction. That influence will be particularly marked in the first half of 1998 when the United Kingdom has the Presidency of the Development Council. **We recommend that in the office of the United Kingdom Representative to the European Commission in Brussels there be personnel and input from DFID at the highest level to ensure progress in the reform of the European Union development programme. This should be at the same level as DFID's representation at the World Bank.**

16. **We recommend that the United Kingdom press for the adoption of the DAC targets by the European Union.** A debate on the subject should also encourage the European Union to adopt a more coherent and poverty-focused developmental policy. The number of agreements, instruments and Directorates-General currently involved in development suggests a divided and confused approach. In short, **we believe that the**

²⁰ Organisation for Economic Co-operation and Development.

²¹ White Paper Panel 4 p.21.

²² Evidence pp.30, 52, 72, 81.

²³ Communication from the Commission to the Council and the European Parliament COM(97) 537 final para.2.1.

adoption of the DAC targets by the European Union must be in the context of a new coherent development policy. The European Union needs its own 'Development White Paper' and the United Kingdom should work for one in 1998.

17. Another issue raised in connection with the DAC targets was the monitoring of progress. To this end Christian Aid recommended that interim targets be set for 2005 and 2010 in order to assess the gains made.²⁴ This could well be an important means not only to monitor progress but also to sustain the interest and effort necessary to achieve these targets. **We recommend that the OECD be encouraged to produce interim development targets for international agreement.**

18. The general welcome for the poverty focus of the White Paper was twinned in many cases with concern at its treatment of globalisation. Oxfam suggested that the White Paper could have gone further in identifying policies which help the poor and thus offset any inequality globalisation might otherwise produce. It should also have spelled out "the specific policy changes which are needed to the current rules governing international trade and investment for making globalisation work in the interests of the poor".²⁵ There was particular concern at the sections on the liberalisation of trade, agriculture and investment. In each case it was considered by Oxfam that there was inadequate recognition that the process created losers as well as winners and of the vulnerability of small industries and small-holder producers.²⁶

19. The World Development Movement,²⁷ the Independent Group on British Aid²⁸, Tear Fund²⁹, the Bretton Woods Project,³⁰ Christian Aid,³¹ and Save The Children³² all raise similar points. There was a concern that DFID reassess its macroeconomic model which had been developed "under governments still ideologically obsessed with the free market".³³ The Independent Group on British Aid said, "The macro-economic dimension of poverty alleviation is missing from the White Paper: it would be good to see DFID disseminating knowledge on poverty reduction at this level as well as the more convenient project and sector level".³⁴

20. In addition to more information on its macroeconomic models for growth, there were particular recommendations for the United Kingdom to exert an influence on the multilateral donor organisations to improve their policies towards the poor. The IMF, the World Bank and the World Trade Organisation were all mentioned and there was particular criticism of past structural adjustment programmes. Tear Fund recommended that "the proposed policies and decisions of the World Bank and IMF and WTO are systematically 'screened' for their likely impact upon poor countries and the poorest sectors within developing countries".³⁵

21. This is an important issue for a number of reasons. One is the crucial part such multilateral organisations must play in achieving the DAC targets. Another relates to the White Paper's insistence on greater donor coordination so that developing countries with limited administrative capacity do not have to negotiate separate country development plans and conditionalities with a number of bodies.³⁶ The role of the multilateral organisations

²⁴ Evidence p.53, see also CAFOD evidence p.76.

²⁵ Evidence p.31.

²⁶ Evidence p.32.

²⁷ Evidence p. 34.

²⁸ Evidence p.40.

²⁹ Evidence p.42.

³⁰ Evidence pp.45-47.

³¹ Evidence p.54.

³² Evidence p.76.

³³ Evidence p.34.

³⁴ Evidence p.40, see also Tear Fund evidence p.42.

³⁵ Evidence p.42.

³⁶ White Paper para.2.20.

such as the IMF and the World Bank will clearly be crucial in such coordination. This makes it all the more important that they share the United Kingdom's analysis not only of the benefits of globalisation but also of the dangers and that they be fully committed to the elimination of poverty.

22. The White Paper does acknowledge the need for a clear focus on poverty elimination in the multilateral institutions such as the IMF and the World Bank.³⁷ The Secretary of State added in oral evidence that she wished to see a strengthened commitment from the multilateral organisations such as the IMF, the World Bank and the World Trade Organisation to poverty eradication.³⁸ She also accepted that with globalisation there came a risk of marginalisation for certain countries. She did, however, have confidence in the current leadership in the IMF and the World Bank.³⁹

23. A number of memoranda raised concerns over the current proposals for the Multilateral Agreement on Investment (MAI).⁴⁰ This is an initiative within the OECD to negotiate an improved multilateral framework for investment based on principles of non-discrimination against foreign investors, open investment regimes and investor protection.⁴¹ NGOs such as Oxfam, the World Development Movement and Tear Fund, while agreeing that investment was an important engine for growth, considered current proposals gave inadequate protection to developing countries against investment of poor quality or low standards.⁴² All three bodies argued that the OECD's Guidelines on Multinational Enterprises should be formally incorporated into the MAI. The White Paper merely commits the Government "to work to ensure that the OECD Guidelines on Multinational Enterprises are closely associated with the MAI".⁴³ We are not sure what "close association" means in this context. **We invite the Government to explain what formal relationship they propose between the Multilateral Agreement on Investment and the OECD Guidelines on Multinational Enterprises and whether they support the formal incorporation of the Guidelines into the MAI.**

24. Clare Short told the Committee that the MAI "is not meant in any way to be a development instrument; it is meant only to apply to OECD countries. The concern of course is that it will become the model and then will spread more and more widely and the developing countries will not have been at the table when it was developed and their interests...not taken into account".⁴⁴ **The British Government had "put in reservations on the MAI on the question of poor labour standards and environmental protection to make sure that countries are not driven into creating incentives to attract investment that mean constantly cutting labour standards or cutting environmental standards".**⁴⁵ We welcome this concern to protect core labour and environmental standards.

25. We do not believe that the economic analyses of globalisation from the Government and from the NGOs are that far apart. We do believe that the Government would benefit from clarifying its position further. **We recommend that the Government provide more detail of its macroeconomic policy, and in particular the advantages and disadvantages of globalisation and the kinds of pro-poor policy which can be adopted to avoid marginalisation. We also recommend that the Government press for 'poverty audits' to be applied to the proposals and structural adjustment programmes of multilateral institutions such as the IMF and the World Bank.**

26. Macroeconomic policy must be matched by microeconomic policy. Results UK complained that "there is only minimal support for microcredit given in the White Paper, and

³⁷ White Paper paras. 2.9-2.14.

³⁸ Q.43.

³⁹ QQ.11,44.

⁴⁰ Evidence pp.32, 34, 43.

⁴¹ White Paper para.3.29.

⁴² Evidence pp.32, 34, 43.

⁴³ White Paper para.3.31.

⁴⁴ Q.44.

⁴⁵ Q.44.

no direct support for women to be targeted by microcredit programmes".⁴⁶ The Intermediate Technology Group welcomed enthusiastically the White Paper's focus on poverty but observed that it was "notably silent on...wider issues of small scale production".⁴⁷ Christian Aid also stressed the way that 'pro-poor economic growth can be achieved "through micro-economic empowerment delivering jobs, incomes and sustainable livelihoods. The provision of micro-credit is a specifically useful strategy in this respect".⁴⁸ These may simply be questions of emphasis. **We would, however, welcome an account by DFID of how they intend to assist the small scale and informal economies of the developing world and how DFID can encourage the provision of micro-credit, in particular to women.**

27. We have already quoted the statistic that almost 70 per cent of those living in extreme poverty are women. The issue of microcredit discussed above is merely one example of how the targeting of women with development assistance can have a significant effect on poverty. In such areas as education and the labour market women in developing countries are at a significant disadvantage both in terms of access and conditions when compared with men. The Secretary of State made clear the concern of DFID to improve opportunities for women in such areas as primary and adult education and to secure better labour conditions.⁴⁹ There was no women's unit within DFID, the Department preferring to include a gender component in all their projects.⁵⁰ In response to a request for further information from the Committee, the Department gave the example of the Know How Fund as a project where more attention will be given to its impact on women in the light of the commitments of the White Paper.⁵¹ **We look forward to the creation of specific programmes to assist women, to the establishment of gender-specific targets within development programmes, and to an assessment of the effect on women to be included in all evaluation of development assistance.**

TARGETS

28. Mention has already been made of the DAC targets, in particular the goal of halving the proportion of the world's population living in extreme poverty by 2015. It is important to have such an over-arching objective to a development programme. It must also be said, however, that this is a target which can only be achieved by the international community as a whole. It is not a target against which one can measure the performance of our own Government. There were, therefore, suggestions from the NGOs of targets by which the performance of the United Kingdom Government can be judged.

29. The target most frequently mentioned is cited at the very end of the White Paper. This is the United Nations target that donor countries provide the equivalent of 0.7 per cent of their GNP in official development assistance. In 1979 the percentage for the United Kingdom was 0.51 per cent of GNP but by 1997 it had fallen to 0.27 per cent. The White Paper states, "Britain's development programme of £2.2 billion is the sixth largest in the world in terms of volume; but Britain ranks only 15th among the 21 donor member states of the Development Assistance Committee of the OECD".⁵² The Government commits itself to reversing this decline⁵³ but has not set a date by which the 0.7 target will be reached. The Secretary of State made clear that "a small increase [in government spending each year] does not reverse the decline...because in the meantime one has had economic growth in one's country, so the

⁴⁶ Evidence p.37.

⁴⁷ Evidence p.36.

⁴⁸ Evidence p.53.

⁴⁹ QQ.24-31.

⁵⁰ Q.25.

⁵¹ Evidence p.25.

⁵² White Paper para.4.8.

⁵³ White Paper para.4.9.

sort of sums of money that have to be found in order to keep the commitment are considerable".⁵⁴ Thus to honour its commitment to reverse the decline it is necessary for significant annual increases in expenditure on the development programme.

30. We have no illusions about the difficulty for any department in securing increases in expenditure from the Treasury in the annual expenditure review. This is precisely why a target is so important. It marks a clear ambition by Government rather than merely a good intention. Christian Aid suggested an interim target for the end of the Parliament of 0.37 per cent of GNP, the current EU average.⁵⁵ We consider this a useful medium-term goal. Clare Short mentioned the fact that "if all the industrialised countries paid their 0.7 [per cent] we would be beyond the £80 billion a year that [the annual report of the United Nations Development Programme] estimates is necessary for sustained and continued progress to meet these human development targets".⁵⁶ Such increases in expenditure are also necessary if the bilateral share of the United Kingdom development expenditure is not to shrink to about a third by the end of the century. **Great improvements can no doubt be achieved through effective development policy. This should not blind us to the continuing need for more money to fund the development programme. On that point the White Paper remains unacceptably reticent. We recommend that the Government commit itself to an expenditure of at least 0.37 per cent of GNP on official development assistance by the end of this Parliament.**

31. Another target mentioned by Christian Aid,⁵⁷ Unicef⁵⁸ and Saferworld⁵⁹ is the 20/20 initiative target which, they suggest, should be embraced by the United Kingdom Government. This initiative calls on developing country governments to allocate on average 20 per cent of their budgets to the provision of basic social services and on donor governments to allocate 20 per cent of their official development assistance to the same services. With regard to bilateral aid, Results UK asks for mid-term targets to be set for DFID programmes so that progress can be effectively monitored.⁶⁰ Clare Short assured the Committee that DFID would be setting more output targets for its bilateral programme.⁶¹ **We recommend that targets for DFID's bilateral programmes and performance against those targets be published in the annual reports. We recommend that the Government also provide regular information on how its bilateral programmes, and in particular technical assistance, have reduced poverty.⁶² We recommend that the Government commit itself to the 20/20 initiative and provide the Committee with information on how this target can be integrated into the agreed country programmes.**

32. The White Paper states that the Government will encourage the multilateral institutions, and in particular the European Union, "to set quantifiable targets for poverty reduction, and measure progress towards these"⁶³ and "to devote more attention to evaluating and monitoring the output of their activities, and to harmonise their impact assessment systems".⁶⁴ We support efforts to set clear targets at the inception of all multilateral development projects, especially those of the European Union, and to ensure annual evaluation of progress. There has been particular criticism of EU evaluation processes⁶⁵ and we look forward to significant improvements under the United Kingdom Presidency.

⁵⁴ Q.9.

⁵⁵ Evidence p.53.

⁵⁶ Q.4.

⁵⁷ Evidence p.53.

⁵⁸ Evidence p.29.

⁵⁹ Evidence p.79.

⁶⁰ Evidence p.38.

⁶¹ Q.34.

⁶² See Evidence p.40.

⁶³ White Paper para.2.12.

⁶⁴ White Paper para.2.13.

⁶⁵ Q.38.

THE AID AND TRADE PROVISION AND MIXED CREDITS

33. The White Paper announced the abolition of the Aid and Trade Provision (ATP). This was welcomed by almost all memoranda received. The two exceptions were memoranda from the Confederation of British Industry⁶⁶ and the Export Group for the Constructional Industries.⁶⁷ The Secretary of State told the Committee that ATP pulled “that part of the development budget that was assigned to it into countries and projects that would not otherwise have been the top priority”.⁶⁸ This was also the conclusion of the Development Assistance Committee of the OECD.⁶⁹ The White Paper left open, however, the possibility of using mixed credits where appropriate within agreed country programmes with poverty reduction as the aim and with the full procedures for quality control.⁷⁰ This possibility of a use of mixed credits in the future was viewed with suspicion in many of the memoranda we received. We are certain that DFID is merely concerned to maintain a degree of flexibility in its financing options. We are also worried, however, that the DTI might have other ambitions. **We wish to be informed of all use of mixed credits by DFID. It is important that any such proposal receive independent scrutiny.**

34. The Secretary of State rejected the idea of further unilateral untying of British aid. At present according to OECD definitions 14 per cent of United Kingdom aid is tied. Clare Short considered that the United Kingdom’s “remaining influence should be used to get multilateral untying...It would be much more efficient. It would remove a lot of the distortions and questionable motives from the international system”.⁷¹ We agree that it is in the best interests of the developing world for the United Kingdom to push for the multilateral untying of aid. There are important opportunities ahead to pursue such an objective. In the first half of 1998 the United Kingdom has the Presidency of the Development Council of the European Union. In May 1998 the G7 meet in Birmingham. There have been previous movements, such as that on debt relief, where the United Kingdom has played a pivotal role. **We recommend that the United Kingdom Government make it a priority of this Parliament to initiate and promote an international campaign for the multilateral untying of aid. This should be combined with the multilateral elimination of export subsidies.**

THE PRIVATE SECTOR AND THE COMMONWEALTH DEVELOPMENT CORPORATION

35. Discussion of ATP and mixed credits is found in that part of the White Paper entitled “Working with British Business”. These paragraphs also contain positive suggestions as to how DFID can encourage the private sector to invest in and trade with the developing countries.⁷² The White Paper takes a pragmatic line on the balance between State and private sector activity in fostering development — “Both States and markets make good servants and bad masters” is its conclusion.⁷³

36. We welcome the White Paper’s acknowledgment of the vital role of the private sector in development. It appears this message has yet to reach all parts of the development community. On the one hand, from the business sector only the CBI and the Export Group for the Constructional Industries provided comments on the White Paper to the Committee. On the other, the many memoranda from NGOs had little or no comment on how to encourage businesses to trade and invest in the developing world.⁷⁴ DFID can play an

⁶⁶ Evidence p.78.

⁶⁷ Evidence p.74.

⁶⁸ Q.50.

⁶⁹ See DAC United Kingdom Review 1994 pp.9-10.

⁷⁰ White Paper para.2.35.

⁷¹ Q.54.

⁷² White Paper para.2.36.

⁷³ White Paper para.1.16.

⁷⁴ But see Evidence pp.83-86 from the Council on Economic Priorities Accreditation Agency and pp.90-93 from the Black International Construction Organisation.

important role in bringing British business and the development community together to discuss common approaches to these countries. **The White Paper promises “discussions with British business” to support responsible investment and trade, which are important for sustainable development.**⁷⁵ We recommend that DFID provide more information to the Committee on the form and timetable for these further discussions and report on their content and conclusions. At present the proposals for the involvement of British business as found in the White Paper appear too vague to be very useful.

37. The White Paper also proposes to enlarge the resources at the disposal of the Commonwealth Development Corporation (CDC) “by introducing private sector capital and creating a dynamic Government/private sector partnership with the Government retaining a substantial minority holding”.⁷⁶ This is an attempt to strengthen CDC’s capacity to invest in developing countries. The Secretary of State assured us that “The CDC is enthusiastic about this; it is not a privatisation”. She was “absolutely confident that the golden share and the considerable Government stake and the powers we will have will ensure that it remains a development instrument”.⁷⁷ In his memorandum Christopher Brocklebank-Fowler suggested that, whilst the introduction of private capital was welcome, the effectiveness of the Corporation would be more significantly enhanced by the establishment of a technical assistance and training unit within the CDC to finance small scale projects.⁷⁸ Oxfam wished to “flag up the importance of ensuring that the same standards apply to future private investment through the CDC as are applied to projects funded directly through the development assistance programme”.⁷⁹ **We retain some concerns concerning the Government’s plans for the CDC and will examine this question further when more details are announced.**

INVOLVING CIVIL SOCIETY

38. Development thinking has moved away from a model which concentrated solely on the government-to-government relationship. It is as important to involve civil society in developing countries, including voluntary organisations, trade unions, churches, women’s groups, the media and local government. Their knowledge of the real needs of the people, of what solution will work and what solution will not work, is essential and has been too often ignored in the past. There are also countries where such a civil society does not exist or exists only in the most rudimentary form. Development policy must involve the strengthening of such civil society. The White Paper mentions cooperation with the civil society of developing countries in instances where government-to-government partnership proves impossible.⁸⁰ **We would welcome further acknowledgment in the Government response to this Report that support to and involvement of civil society in developing countries is an essential part of effective policy in all circumstances, not only when partnership with government is impossible.**

39. Not only must civil society in developing countries be involved, so also must civil society in the United Kingdom. There were a number of criticisms in the memoranda received of the treatment of NGOs by the White Paper. Christian Aid found the White Paper “rather statist and ‘top-down’ in its thinking”.⁸¹ BOND stressed that “NGOs do not see themselves primarily as contractors for the delivery of government objectives using government cash, but as organisations with similar objectives but different strengths”.⁸² They explained, “NGOs are the venture capitalists of the development world; pin us down to established methods, and a key source of experimentation and learning is lost to the

⁷⁵ White Paper para.2.36.

⁷⁶ White Paper para.2.37.

⁷⁷ Q.65.

⁷⁸ Evidence p.56.

⁷⁹ Evidence pp.31-32.

⁸⁰ White Paper para.2.24.

⁸¹ Evidence p.54.

⁸² Evidence p.66.

government".⁸³ The Summer Institute of Linguistics wrote of the comparative advantage of NGOs in working with the poorest groups⁸⁴ and Christian Aid spoke of the role of the NGOs which included "assisting people beyond the reach of the state, focusing on marginalised or excluded people and fostering local organisations".⁸⁵ Save The Children found the treatment of the voluntary sector in the White Paper "surprisingly perfunctory, incomplete and a little confusing", complaining that the strength and importance of the sector was inadequately acknowledged.⁸⁶

40. This is a considerable body of concern. We agree that the discussion of the role of NGOs in the White Paper was too brief. **We recommend that the Government response to this Report contain a detailed account of how the Government will include the NGOs in the implementation of its development policy, providing an analysis of those areas where the NGOs enjoy a comparative advantage over government activity.**

41. Memoranda also called for the greater involvement of ethnic minorities and of refugee groups in United Kingdom development thinking. The White Paper committed the Government "to build on the skills and talents of migrants and other members of ethnic minorities within the UK to promote the development of their countries of origin".⁸⁷ World University Service (UK) welcomed this commitment but hoped "that this will be seen as a way of contributing to the UK itself and to the wider development picture as well as promoting the development of their countries of origin".⁸⁸ We would draw the Government's attention to the report by the African Foundation for Development (AFFORD), "A Survey of African Organisations in London: An Agenda for AFFORD's Action" and to the memorandum from the Black International Construction Organisation.⁸⁹ **We recommend that further detail be provided in the Government response of how ethnic minority and refugee groups in the United Kingdom are to be involved in the development process.**

42. It is vital that all of society understand and support Government activity to help the world's poor. Without such support Government efforts will ultimately founder. The White Paper states that the Government "attaches great importance to increasing development awareness in Britain".⁹⁰ A working group of educationalists has been established under the chairmanship of the Parliamentary Under Secretary of State for International Development "to ensure that global issues are integrated into the national curriculum and that relevant teaching materials are available".⁹¹ We welcome this emphasis on the integration of development issues into a consideration of all relevant subjects.

43. In evidence the Secretary of State stressed that increasing development awareness was not "purely a resource question".⁹² She was not prepared simply to give more money to those currently involved in development education. Instead she would "look at everything that is done and can be done to make sure that we do [development education] as effectively as possible".⁹³ We accept that any consideration of greater resourcing must begin with an analysis of how best to use resources currently available. We do not, however, believe that there has been enough emphasis on the importance of development education. It appears almost as an afterthought in the White Paper. There are also few concrete proposals on how to increase adult awareness of development issues. We do not consider the proposed Development Policy Forum will be adequate. The Secretary of State told us she wished first

⁸³ Evidence p.67.

⁸⁴ Evidence p.72.

⁸⁵ Evidence p.54.

⁸⁶ Evidence pp.75-76, see also Marie Stopes International evidence p.82.

⁸⁷ White Paper Panel 23, p.68.

⁸⁸ Evidence p.51.

⁸⁹ Evidence pp.86-87, 90-93.

⁹⁰ White Paper para.4.3.

⁹¹ White Paper para.4.4.

⁹² Q.74.

⁹³ Q.79

to look at how to make the most of current activity in development education. **We recommend that the Secretary of State report to the Committee the findings of her review of current development education activity and give details of what the Department will do to improve development awareness and participation among the adult population. We have little doubt that extra resources will be necessary to finance effective development education among the general public.**

DISASTERS

44. The White Paper includes panels on Disasters and Emergencies and on Dependent Territories in its section 2 'Building Partnerships'.⁹⁴ The Committee's recent Report on Montserrat has some bearing on both these subjects.⁹⁵ The White Paper reaffirms the principle that "the reasonable needs of the Dependent Territories are a first call on the development programme".⁹⁶ The Committee had concluded in its report on Montserrat that this should no longer be the case.⁹⁷ We recommended that funding for the development of the Dependent Territories should come from a department other than DFID. It is important that political responsibility and financial resources reside in the same department. It is also important to acknowledge that the Government's responsibilities to Dependent Territory citizens are of a different order to those to the developing world in general. **We reassert our recommendation that the reasonable assistance needs of the Dependent Territories should no longer be a first call on the development programme.**

45. Montserrat also provides lessons for disaster-preparedness. This theme is found in the memorandum from Dr Ian Davis at the Oxford Centre for Disaster Relief. The memorandum praises the section on Disasters and Emergencies, in particular the emphases on assistance being based on "the analysis of actual need"; the importance of participation of all stakeholders in decisions; and the code of ethical conduct for organisations involved in humanitarian work.⁹⁸

46. The memorandum asks, however, for more emphasis and detail on disaster preparedness and mitigation. Resources should be reallocated from relief to risk reduction. Dr Davis recommends a Hazard Impact Assessment for all major new developments. This is necessary "to make certain that new DFID funded development projects do not contribute, consciously or unconsciously, to increased vulnerability".⁹⁹ New developments should also be designed so as to resist possible hazards. There should also be more emphasis on assistance to "vulnerable disaster prone countries with financial resources and technical assistance to undertake a detailed risk assessment as an essential part of their resource management and civil protection".¹⁰⁰

47. Our recent examination of events in Montserrat, such as the ignoring of scientific reports, the lack of disaster preparedness, the building of installations such as an emergency jetty which could not withstand hurricane - these all suggest that Dr Davis' recommendations on disaster preparedness should be taken to heart by DFID. **We recommend that DFID introduce Hazard Impact Assessments for new developments in recognised risk areas, ensure also that all such developments are hazard resistant, and consider how best to assist vulnerable disaster prone countries in the vital task of risk assessment.**

⁹⁴ White Paper Panel 16, p.43, and Panel 17, p.44, and paras.2.28 - 2.30

⁹⁵ First Report from the International Development Committee on Montserrat, Session 1997-98, HC 267

⁹⁶ White Paper para.2.28

⁹⁷ First Report from the International Development Committee on Montserrat, Session 1997-98, HC 267, para.101

⁹⁸ Evidence p.88, see White Paper Panel 17 p.44

⁹⁹ Evidence p.89

¹⁰⁰ Evidence p.89

CONFLICT PREVENTION

48. A major cause of poverty and underdevelopment is conflict. The White Paper points out that “Half of the world’s low income countries are suffering, or have just emerged from conflicts. Today there are some 28 major and more than 100 minor armed conflicts affecting some 70 countries.”¹⁰¹ The Committee was pleased to note the importance attached by the White Paper to conflict prevention. The White Paper rightly states that this is “crucial to combat poverty and reduce suffering”.¹⁰² **We would encourage DFID to put forward projects to promote conflict prevention. We also wish to see projects concerned with post-conflict reconstruction, in particular the creation of employment opportunities and the rapid establishment of social services in post-settlement reconstruction in parallel with the decommissioning of arms.**

49. We also welcome the emphasis placed on preventive diplomacy and arms control. **We recommend that DFID provide details of the work and procedures of the Whitehall committee charged with examining requests for arms licences.**

50. We noted the implicit promise of policy coordination within Whitehall — “we shall deploy our diplomatic, development assistance and military instruments in a coherent and consistent manner”.¹⁰³ In this context of policy consistency we commend to the Government the suggestion of Saferworld that “the Government should introduce a conflict impact assessment that would identify how the full range of UK development, trade, defence and foreign policies increase or decrease the risks of violent conflicts in vulnerable countries. This approach should also be applied to the work of regional and international institutions such as the EU, the OAU and the UN”.¹⁰⁴ Regular conflict impact assessments which identify vulnerable countries and examine the whole range of policies and their contribution to the prevention of conflict would be an invaluable way to secure such coherence and focus to policy. **We recommend that the Government introduce conflict impact assessments of its policy towards vulnerable countries and promote such an approach in multilateral institutions.**

GOOD GOVERNANCE AND CORRUPTION

51. The White Paper emphasises the importance of good governance, the fight against corruption, and the rule of law.¹⁰⁵ It quotes the 1997 World Development Report of the World Bank, “good government is not a luxury — it is a vital necessity for development”.¹⁰⁶ Corruption is particularly harmful for developing countries, diverting scarce budgetary resources into unproductive expenditure, discouraging investment, producing higher prices and fewer employment opportunities for the poor. The Government commits itself to help make the civil service, legal systems and democratic structures in developing countries both efficient and equitable. It also supports the proposals of the OECD to criminalise the bribery of foreign public officials and to cease the tax deductibility of bribes, and the efforts of the IMF and World Bank to promote policies and institutional change to tackle corruption.

52. At the heart of the Government’s plans for its bilateral programme is the concept of the development partnership. This will involve a political commitment to poverty eradication from both donor and developing country. On the basis of an agreed country programme a longer term and more flexible commitment of resources will be provided by the United Kingdom. The White Paper states that partner governments must “pursue policies which promote responsive and accountable government, recognising that governments have obligations to all their people; promote the enjoyment of civil, cultural, economic, political and social rights; and which encourage transparency and bear down on corruption in the

¹⁰¹ White Paper para. 3.48.

¹⁰² White Paper para.3.50

¹⁰³ White Paper para.3.50

¹⁰⁴ Evidence p.81

¹⁰⁵ White Paper Panel 11, p.30

¹⁰⁶ White Paper Panel 11. p.30

conduct of both the public service and the business sector".¹⁰⁷ We note that it is difficult to achieve these objectives other than through a vigorous working democracy. Where the government does not meet these criteria the White Paper states that such partnership will be impossible and cooperation will only be with alternative channels such as institutions of civil society, voluntary organisations and local government.¹⁰⁸

53. We welcome the White Paper's emphasis on good governance and its determination to fight corruption and to uphold human rights both through bilateral and multilateral action. We must never again witness the use of aid to bolster corrupt and cruel regimes. This must be the policy of all government departments, not just DFID. We remain to be convinced that other departments have taken this policy to heart. We will monitor the policies and actions of all departments to ensure they promote human rights and good governance in developing countries.

CONCLUSION

54. This Report cannot touch on all the points raised in memoranda. Some, such as debt relief, will be examined by the Committee in more detail in the near future. Other matters, also of great importance, such as education,¹⁰⁹ reproductive health,¹¹⁰ ethical trading,¹¹¹ food security¹¹² and biodiversity,¹¹³ were also mentioned. Often there was a concern at a lack of detail or emphasis in the White Paper. It is perhaps inevitable that in the broad canvas of a White Paper some will be disappointed that not more is said on a particular point.

55. We do, however, commend the written evidence received to the attention of the Government. We suggest that the Government use the opportunity of its response to this Report to produce in effect a supplement to the White Paper, not only responding to the particular recommendations of the Committee but also expanding on points questioned in the memoranda received. The Government is keen to have a continuing discussion in the United Kingdom on development policy, as is clear from its suggestion of an annual Development Policy Forum.¹¹⁴ We welcome this approach and look forward to the Government response to our Report being the next contribution to an ongoing debate.

56. We end by again welcoming the White Paper, which is an impressive survey of development issues and a long overdue attempt to bring focus and coherence to Government policy. If implemented, such policies will make the United Kingdom a leading force for the sustainable and peaceful development of our planet. This is a worthy ambition, and one we will wholeheartedly support.

¹⁰⁷ White Paper Panel 14, p.39

¹⁰⁸ White Paper para.2.24

¹⁰⁹ Evidence pp.49-52, 57, 71-72

¹¹⁰ Evidence pp.81-83

¹¹¹ Evidence pp.83-86

¹¹² Evidence pp.54-55

¹¹³ Evidence pp.58-66

¹¹⁴ White Paper para.4.5

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

1. International development must be at the centre of all government policy, not just a well-meaning afterthought. It is an essential part of responsible planning for the future of our own country (Paragraph 1).
2. We welcome the creation of DFID. We believe that it will give new focus to the United Kingdom's development activity and also inject greater sensitivity to developmental issues throughout Whitehall (Paragraph 3).
3. We recommend that the Secretary of State for International Development be a full member of the Cabinet Committee on Defence and Overseas Policy (Paragraph 9).
4. We recommend that the departmental reports of other government departments, including the FCO, the Treasury, DTI, MAFF, DfEE, DH and DETRS, all include a section on how their policy and activities have promoted international development and the elimination of poverty. We intend from time to time to take evidence from them on this matter (Paragraph 10).
5. The concern to eliminate poverty provides an admirable focusing of our development efforts on the truly important (Paragraph 11).
6. We recommend that in the office of the United Kingdom Representative to the European Commission in Brussels there be personnel and input from DFID at the highest level to ensure progress in the reform of the European Union development programme. This should be at the same level as DFID's representation at the World Bank (Paragraph 15).
7. We recommend that the United Kingdom press for the adoption of the DAC targets by the European Union (Paragraph 16).

We believe that the adoption of the DAC targets by the European Union must be in the context of a new coherent development policy. The European Union needs its own 'Development White Paper' and the United Kingdom should work for one in 1998 (Paragraph 16).
8. We recommend that the OECD be encouraged to produce interim development targets for international agreement (Paragraph 17).
9. We invite the Government to explain what formal relationship they propose between the Multilateral Agreement on Investment and the OECD Guidelines on Multinational Enterprises and whether they support the formal incorporation of the Guidelines into the MAI (Paragraph 23).
10. The British Government had "put in reservations on the MAI on the question of poor labour standards and environmental protection to make sure that countries are not driven into creating incentives to attract investment that mean constantly cutting labour standards or cutting environmental standards". We welcome this concern to protect core labour and environmental standards (Paragraph 24).
11. We recommend that the Government provide more detail of its macroeconomic policy, and in particular the advantages and disadvantages of globalisation and the kinds of pro-poor policy which can be adopted to avoid marginalisation. We also recommend that the Government press for 'poverty audits' to be applied to the proposals and structural adjustment programmes of multilateral institutions such as the IMF and the World Bank (Paragraph 25).
12. We would welcome an account by DFID of how they intend to assist the small scale and informal economies of the developing world and how DFID can encourage the provision of micro-credit, in particular to women (Paragraph 26).

13. We look forward to the creation of specific programmes to assist women, to the establishment of gender-specific targets within development programmes, and to an assessment of the effect on women to be included in all evaluation of development assistance (Paragraph 27).
14. Great improvements can no doubt be achieved through effective development policy. This should not blind us to the continuing need for more money to fund the development programme. On that point the White Paper remains unacceptably reticent. We recommend that the Government commit itself to an expenditure of at least 0.37 per cent of GNP on official development assistance by the end of this Parliament (Paragraph 30).
15. We recommend that targets for DFID's bilateral programmes and performance against those targets be published in the annual reports. We recommend that the Government also provide regular information on how its bilateral programmes, and in particular technical assistance, have reduced poverty. We recommend that the Government commit itself to the 20/20 initiative and provide the Committee with information on how this target can be integrated into the agreed country programmes (Paragraph 31).
16. We wish to be informed of all use of mixed credits by DFID. It is important that any such proposal receive independent scrutiny (Paragraph 33).
17. We recommend that the United Kingdom Government make it a priority of this Parliament to initiate and promote an international campaign for the multilateral untying of aid. This should be combined with the multilateral elimination of export subsidies (Paragraph 34).
18. The White Paper promises "discussions with British business" to support responsible investment and trade, which are important for sustainable development. We recommend that DFID provide more information to the Committee on the form and timetable for these further discussions and report on their content and conclusions. At present the proposals for the involvement of British business as found in the White Paper appear too vague to be very useful (Paragraph 36).
19. We retain some concerns concerning the Government's plans for the Commonwealth Development Corporation and will examine this question further when more details are announced (Paragraph 37).
20. We would welcome further acknowledgment in the Government response to this Report that support to and involvement of civil society in developing countries is an essential part of effective policy in all circumstances, not only when partnership with government is impossible (Paragraph 38).
21. We recommend that the Government response to this Report contain a detailed account of how the Government will include the NGOs in the implementation of its development policy, providing an analysis of those areas where the NGOs enjoy a comparative advantage over government activity (Paragraph 40).
22. We recommend that further detail be provided in the Government response of how ethnic minority and refugee groups in the United Kingdom are to be involved in the development process (Paragraph 41).
23. We recommend that the Secretary of State report to the Committee the findings of her review of current development education activity and give details of what the Department will do to improve development awareness and participation among the adult population. We have little doubt that extra resources will be necessary to finance effective development education among the general public (Paragraph 43).

24. We reassert our recommendation that the reasonable assistance needs of the Dependent Territories should no longer be a first call on the development programme (Paragraph 44).
25. We recommend that DFID introduce Hazard Impact Assessments for new developments in recognised risk areas, ensure also that all such developments are hazard resistant, and consider how best to assist vulnerable disaster prone countries in the vital task of risk assessment (Paragraph 47).
26. We would encourage DFID to put forward projects to promote conflict prevention. We also wish to see projects concerned with post-conflict reconstruction, in particular the creation of employment opportunities and the rapid establishment of social services in post-settlement reconstruction in parallel with the decommissioning of arms (Paragraph 48).
27. We recommend that DFID provide details of the work and procedures of the Whitehall committee charged with examining requests for arms licences (Paragraph 49).
28. We recommend that the Government introduce conflict impact assessments of its policy towards vulnerable countries and promote such an approach in multilateral institutions (Paragraph 50).
29. We welcome the White Paper's emphasis on good governance and its determination to fight corruption and to uphold human rights both through bilateral and multilateral action. We must never again witness the use of aid to bolster corrupt and cruel regimes. This must be the policy of all government departments, not just DFID. We remain to be convinced that other departments have taken this policy to heart. We will monitor the policies and actions of all departments to ensure they promote human rights and good governance in developing countries (Paragraph 53).
30. We end by again welcoming the White Paper, which is an impressive survey of development issues and a long overdue attempt to bring focus and coherence to Government policy. If implemented, such policies will make the United Kingdom a leading force for the sustainable and peaceful development of our planet. This is a worthy ambition, and one we will wholeheartedly support (Paragraph 56).

PROCEEDINGS OF THE COMMITTEE RELATING TO THE REPORT

TUESDAY 16 DECEMBER 1997

Members present:

Mr Bowen Wells, in the Chair

Ann Clwyd	Mrs Tess Kingham
Mr Bernie Grant	Mr Andrew Rowe
Mr Piara S Khabra	Dr Jenny Tonge

Draft Report (The Development White Paper) proposed by the Chairman, brought up and read the first time.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 8 read and agreed to.
Paragraphs 9 and 10 read, amended and agreed to.
Paragraphs 11 to 14 read and agreed to.
Paragraph 15 read, amended, divided and agreed to (now paragraphs 15 and 16).
Paragraphs 16 to 28 (now paragraphs 17 to 29) read and agreed to.
Paragraph 29 (now paragraph 30) read, amended and agreed to.
Paragraph 30 (now paragraph 31) read and agreed to.
Paragraph 31 (now paragraph 32) read, amended and agreed to.
Paragraphs 32 to 34 (now paragraphs 33 to 35) read and agreed to.
Paragraph 35 (now paragraph 36) read, amended and agreed to.
Paragraphs 36 to 38 (now paragraphs 37 to 39) read and agreed to.
Paragraph 39 (now paragraph 40) read, amended and agreed to.
Paragraph 40 (now paragraph 41) read and agreed to.
Paragraphs 41 and 42 (now paragraphs 42 and 43) read, amended and agreed to.
Paragraphs 43 to 45 (now paragraphs 44 to 46) read and agreed to.
Paragraph 46 (now paragraph 47) read, amended and agreed to.
Paragraph 47 read, amended, divided and agreed to (now paragraphs 48 and 49).
Paragraph 48 (now paragraph 50) read, amended and agreed to.
Paragraph 49 (now paragraph 51) read and agreed to.
Paragraph 50 read, amended, divided and agreed to (now paragraphs 52 and 53).
Paragraphs 51 to 53 (now paragraphs 54 to 56) read and agreed to.

Resolved, That the report be the Second Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.—(*The Chairman.*)

[Adjourned till Tuesday 13 January at 10 o'clock.]

LIST OF WITNESSES

Tuesday 11 November 1997

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Rt Hon Clare Short MP, Secretary of State for International Development
Mr Richard Manning, Director-General (Resources)
Mr Graham Stegmann, Head of Aid Policy and Resources

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MINUTES OF EVIDENCE

TAKEN BEFORE THE INTERNATIONAL DEVELOPMENT COMMITTEE

TUESDAY 11 NOVEMBER 1997

Members present:

Mr Bowen Wells, in the Chair

Mr Dennis Canavan
Ann Clwyd
Ms Barbara Follett
Mr Bernie Grant
Ms Oona King

Mrs Tess Kingham
Mr Andrew Robathan
Mr Andrew Rowe
Dr Jenny Tonge

Examination of witnesses

RT HON CLARE SHORT, MP, Secretary of State, Mr RICHARD MANNING, Director-General (Resources) and Mr GRAHAM STEGMANN, Head of Aid Policy and Resources, Department for International Development, were examined.

Chairman

1. Order, order. Secretary of State, it gives us great pleasure to welcome you here again. This is becoming a habit, which we want to encourage actually! It is also a very exciting topic we are addressing this afternoon, your White Paper which you delivered which has had universal welcome and in which, of course, we have been very interested indeed because it sets the agenda for our Committee for a least this Parliament and for any successor Committee I suspect for a number of Parliaments hereafter, since it is the first White Paper for 22 years. It focuses our attention and it has re-focused I think not only our Parliament, but also our country's attention on the very important issues which you raise in your White Paper. I understand you would like to make an opening statement and then we will go into questioning, but could you introduce your companions today for the benefit of the shorthand writer?

(*Rt Hon Clare Short*) Yes, thank you very much and it is just a very short introductory statement I would like to make. On my left is Richard Manning; you remember you met Mr Barry Ireton before. Well, he is the second half under the Permanent Secretary of the Department concerned with resources broadly—that is not his proper title, of course, what is it?

(*Mr Manning*) Director-General (Resources).

(*Rt Hon Clare Short*) Right. Mr Stegmann, are you the next one underneath? He is Mr Money, I always think of him. Finding the money and organising the implementation because obviously we have to get the analyses right, but also the implementation.

2. Thank you and welcome to you both. Mr Manning is known to many of us. I think you served in the World Bank, did you not, at one time?

(*Mr Manning*) Indeed, yes.

(*Rt Hon Clare Short*) And he plays the 'cello!

3. And he plays the 'cello? That is something I have in common with him, too. Would you like to make your opening statement then, Secretary of State?

(*Rt Hon Clare Short*) Yes, thank you very much. I am not going to make any long statement, I am sure you all were there in the Commons and have read the

White Paper, but I do want to say that I think that on this issue of international development we come together at a time of a very large historical opportunity for a very big advance. A series of factors have come together which give us an opportunity if we all do the right things and use our influences as effectively as we can. The Cold War is over so lots of the ulterior motives which got into development are gone and the propping up by both sides of disreputable governments for their own political purposes—the Mobuto's of this world and so on—happily that chapter is over, which means that the world can be much more single-minded without ulterior motives about promoting development, backing what works. Also we have a lot of experience of success. As the White Paper says, and as I said in my statement, more people have escaped from poverty in the last 50 years than in the previous 500 years of human existence. Literacy rates are up, infant mortality down, less women are dying in childbirth, but it is this paradox that we now know more and more clearly what works but because world population is growing there are more individual human beings living in a condition of abject poverty, and of course human suffering is suffered by individual human beings. So the paradox is that we have had great success but it is not applied universally enough, but the challenge is to apply the lessons of success more effectively to reach more people. But it is not all pessimism. The third optimistic factor is that we have learned great lessons about getting markets and states into the right balance. We perhaps went through an era where there was a belief in an omnipotent and bloated state and that it could replace markets and business and that was the short cut to development and it was not just an error of the developing world; lots of the donor community promoted those kind of remedies in the developing world. Then we lurched to a period, which has come to an end, happily I think, that I call market adoration, the belief that markets could replace all state regulation and that out of market forces we would get a great increase in wealth that would trickle down. I think now we have a new synthesis—the

11 November 1997]

RT HON CLARE SHORT, MP, MR RICHARD MANNING
and MR GRAHAM STEGMANN

[Continued]

[Chairman Cont]

recent World Bank report drew it together—that markets and states have a part to play, markets need regulating and putting to proper use, states need to make sure that there is universal provision and I think there is a new synthesis now that has learned some very painful lessons, but that is capable of being applied that means that we can promote human development, which is key to development, but also get the right kind of regulatory framework, an economic framework that can promote forms of economic growth that benefit the poor, that can attract inward investment, which is, of course, absolutely necessary to get development for the poorest countries. The fourth reason for optimism is, I think, the environmental imperative, the growing understanding in the world that if we do not make progress on these issues the world will be in very serious difficulty by 2050 if not before just in terms of population growth, environmental degradation, war, refugee movements, disease, the terrible catastrophes that could come upon everyone and that unites the interests of the north and south in the world. Quite apart from the moral imperative, in a kind of longer term self-interest kind of imperative, to just make progress and to make the planet safe for the next generation. Then there is—is it sixth?—reason. We now have these international targets that have been honed through the great UN conferences and the beauty of them is they are built on the experience of what has worked in development. They have been voted on and agreed by nations across the world, so no-one is imposing targets or donor driven objectives on developing countries. They are a shared set of objectives that have been drawn together in a UN synthesis report and also in the OECD DAC Report, so that means that the world has agreed what the target should be and what we should do and that gives us a great opportunity to focus all the energy of the world system on meeting these agreed targets and it gives us a basis for partnership between donors, the multi-lateral system and developing countries to work to targets that all have agreed in partnership and in equality. I am of course not saying that Britain alone can achieve this great advance. I do think our country is placed in a position where we could make a significant contribution because of our history, because of what we can achieve out of our bilateral programmes—because that is part of building the experience of what works that one is able to pass on—and because of the various seats we have in the international system, the UN Security Council, the Commonwealth—I had a very good meeting with all the Commonwealth High Commissioners this morning; there is enormous enthusiasm for this agenda—the European Union. It just so happens that we are in the Presidency when the Lomé, Mandate is renegotiated; I know that is an issue that you are going to look at and clearly getting that right is key to all of this. Of course, Britain therefore, if we really energetically want to promote this agenda, and if we seek to use our influence in all those places our potential to try and maximise the international system's commitment to this advance I think it could be considerable and could be an extremely proud role for our country. You know, this country that lost an

empire and is not quite sure of its role, I think this would be an enormously fine role for us on the international stage. Then just finally, because people always think development is about aid; clearly aid is important as Mr Camdessus has said. It is an investment in development, the catalyser of putting in place the conditions that enable the poorest countries to get the economic development that they need, but it is by no means the only question and we must also look at trade and debt and investment flows and we have the commitment now with the separate department that we will, as a Government, take a development perspective right across Government policy in order to make sure that aid is not a sort of charitable dollop that comes along after the decisions on trade and investment cause impoverishment or whatever, that we are going to be coherent. But that is a big task and in order to succeed and in order to use our influence as well as possible, I am very conscious that this agenda needs to be owned very broadly. This Select Committee is going to be enormously important. The maximum support that we can get in the House of Commons and in the country and the more that we can win allies, supporters to it in the international community, it is only if we can get that kind of head of steam behind it that will make the advance that is possible. But I am absolutely hard-headedly convinced that if we do everything properly that we could see a major advance in international development. We could see every child in the world in basic education by 2015, basic healthcare to every single human being in the world, clean water and sanitation to everyone in the world and of course the halving of the proportion of people who live in abject poverty by that date means the world could set itself another target to halve again and to look to the elimination of abject poverty—obviously not inequality in poverty and not occasional humanitarian catastrophe—but abject poverty from the world's condition in the lifetime of most Members of this Committee. That is what is possible. Just to say, finally, *The Times* leader, for example, seems to think that I invented these targets. I think this Committee is aware that these targets come out of deep developmental experience that have been honed by very sophisticated international conferences. They are embraced by the Development Committee of the OECD as being achievable if we can mobilise the international political will, affordable and achievable. So that I think is the task that we share. Thank you.

4. As you have said, Secretary of State, you have set what you regard as an achievable target to eliminate abject poverty and I wondered whether you thought we could learn from the successes which you have laid down in your White Paper in what has happened in terms of the reduction in child death rate and malnutrition rates and the access to clean water and the doubling to more than 70 percent the availability of clean water and of course the increase in adult literacy having risen from less than a half to two-thirds. We all know of graduates from aid who are now themselves, such as Malaysia—Malaysia 35 years ago was a recipient of British aid and now it looks as if it might be one of those who will be helping us with

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the tasks you have set before, so we know that it works. But can we ask you, have you done an analysis of how much development aid itself has contributed to this progress over the past 30 to 40 years and therefore showing what we should do in the future?

(*Rt Hon Clare Short*) Thank you, and I agree with you, if you look at Malaysia. South Korea is another country that used to be a recipient of aid and now has more young people in higher education as a proportion of the population than does Britain, so it has been done. I think building on the lessons of success is a major part of our task and also getting some optimism into the agenda. If people feel despondent we will not achieve progress. Of course we have to face the enormity of the task, but when we see that there are things that can work if we can apply them, more people need to understand that because we will never make progress unless people have some optimism. I have not personally done an analysis of the contribution of aid flows to development. I would imagine it would be very difficult to disentangle the effects of different reforms and changes and say, you know, A followed from B, but I do strongly recommend to everybody this year's UNDP—United Nations Development Programme—report which is on poverty and is an analysis of the history of the world's advance out of poverty and in which eras, in what regions advances were made, including Western Europe and North America and it is from the industrial revolution when our advances were made. It is a very valuable piece of work with lots of figures and lots of analyses within it and it concludes that these great advances in this era are affordable and achievable and it does talk about aid levels—that is why I mentioned it because it is the one thing I can think of that partially answers your question—and it says, I speak from memory, current flows are something like £50 billion a year in the world system; if all the industrialised countries paid their 0.7 we would be beyond the £80 billion a year that that report estimates is necessary for sustained and continued progress to meet these human development targets.

Chairman: Thank you. I will ask Mr Canavan to carry on.

Mr Canavan

5. Secretary of State, your Department has been in existence for only about six months. I wonder if you could tell us whether you have had any feedback yet about the success of the new arrangements since aid and development was split from the Foreign and Commonwealth Office? Is there still good co-ordination and co-operation between the FCO and your Department, particularly on the ground in countries where aid and development projects are located?

(*Rt Hon Clare Short*) Feedback on success in development; just one feedback I would give. There is a general kind of enthusiasm and interest about just what Britain is doing and the increased commitment to development and to going beyond aid, trade and so on that the establishment of a separate department creates initially and there was for example a statement welcoming the White Paper from the World Bank and

I was at the General Affairs Council of the European Union where we were discussing Lomé and there is a general interest and excitement about what Britain might be doing in this field just generally across the board. In terms of Whitehall co-ordination, we need to co-ordinate of course with departments more than the Foreign and Commonwealth Office. The true answer is that the establishment of any new department always causes a little *frisson* in any bureaucracy and you heard some of the *frisson*, but we went on to develop the White Paper which requires the commitment across the Government, Foreign and Commonwealth Office, Treasury, DTI, MAFF, Environment, Health—some of the international world health organisations—and the process of building and getting agreement on the White Paper has pulled that agenda forward across Whitehall. So there was a *frisson* at the beginning which all bureaucracies have whenever new departments emerge and there are always questions of boundaries. That settled down long ago and the process of developing the White Paper has led to this growing enthusiasm for the whole agenda, I think. May I bring in Richard Manning here?

(*Mr Manning*) I would certainly say that production of the White Paper was very much a co-ordinated process across Government. We had many discussions with all our partner departments, including the Foreign Office, and I think those are very constructive. I think all Departments have brought something useful into this and of course in the field we continue to work extremely closely with our diplomatic missions as we carry out the programmes in the various countries. So it is certainly the case that co-operation remains very close and there is a wide shared agenda between the two departments.

(*Rt Hon Clare Short*) I am sorry, you asked the question about relations with the Foreign Office on the ground. In the countries in which we work the Foreign Office tends to be very interested in development because in the nature of those countries it is a major issue. So, for example, just in recent months I have visited Bangladesh, Kenya briefly, Uganda and Rwanda and the Foreign Office staff there and our staff work very well together and there is a real interest in progress in development across the two departments on the ground in those kind of countries.

6. So our Ambassadors and High Commissioners still have a vital role to play in certain countries in the delivery of aid, do they?

(*Rt Hon Clare Short*) We have our own staff around the world managing our programmes and making decisions, but of course this is the policy of Her Majesty's Government and when we are talking about trade and political relationships with a government and our own development programmes although the decisions about development are ours, we need to stand together as a Government to put them to other governments and that is not difficult in practice.

7. So the fact that High Commissioners and Ambassadors are accountable to the Secretary of State for Foreign and Commonwealth Affairs, rather than directly accountable to you, that does not create any insurmountable problems?

(*Rt Hon Clare Short*) No, not at all.

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Mr Canavan: Thank you. May I move on then to the White Paper's emphasis on international development targets. You have already indicated that you think that the target of cutting by one half the incidence of extreme poverty or the number of people suffering extreme poverty by the year 2015 is a realistic achievable target, but who will have to adopt that target for it to be achievable?

Chairman

8. May I also ask you, Secretary of State, at this point perhaps to help us on this question, on the question of definitions, the definition of abject poverty and the definition of extreme poverty? Are they different and what is the definition of abject poverty?

(Rt Hon Clare Short) The definitions we use for working purposes—let me say that because the statistics are going to matter so much there is going to have to be improvements in the international system to improve our capacity to measure progress which I will come back to—we use the World Bank's dollar a day and then two dollars a day for the people who are still in poverty, but less than a dollar a day for all one's human needs is abject poverty. That is the running World Bank definition, although I noticed in Bangladesh and also in India I believe they use a slightly different definition and one of the things that is being worked on now throughout the system is to improve our statistical measuring capacity so that the whole world can use the same systems, that we can year on year measure progress, we can see where success is taking place, we can learn from failure and so there is some rather intensive work going on in the OECD in particular to improve our capacity to collect figures and for the whole international system to use the same kind of figures to measure progress. I do not know if you want to come in that point, Mr Manning? You sit on that Committee, do you not, or you visit it?

(Mr Manning) Each of the targets that is referred to has some international agency that leads on it. For example, UNESCO lead on the education target and WHO on the health targets and so on and the World Bank and UNDP are working closely with this group along with the OECD donors and they will be leading on the poverty target. As the Secretary of State says, much of this is complex; we all know statistics in many developing countries are quite fragile and we do have to make the best we can with what is available and there will be a need for further work to improve the basis on which these judgments are being made. However, we are confident that the broad orders of magnitude are sufficiently robust to make these targets meaningful and that we should be able to measure progress, not year by year but progress over a timescale towards 2015.

(Rt Hon Clare Short) May I just add to that? If we think about our own history, the significance of the great big poverty studies that were done in York and then in London in this country facing up to the extent of poverty and the use of censuses in order to measure progress, there is a reflection. I do not think that this was designed out of that, but it is very interesting when one reflects on questions like child labour and the history of a country like this and then looks at parallels

in the international system and although statistics might seem dry, as a tool of systematic policy implementation they are very important and the improvement of the figures is very important. Mr Canavan also asked who has to adopt a commitment to these figures to make them achievable and, as I have said, in theory they are already adopted. The world system has voted for them at these great UN conferences in Copenhagen, Cairo, Beijing, Jentien and so on and so forth and I think they are drawn together in a UN report and they drawn together in this OECD report, but they were not just drawn up by experts although experts made the proposals that were adopted at those conferences. That is one of their beauties, they are not imposed by anyone. They have come out of the best of the international system seeking to build on what has been achieved. However, to secure them in practice we need a much greater mobilisation of will to make it happen in individual countries and to make sure the whole international system mobilises itself to achieve them. So, for example, in the World Bank there has been a big shift at the top of the World Bank and a much greater emphasis on poverty eradication, but we are talking to them about how entrenching working towards the figures and the targets can become part of their programmes on the ground. In terms of the EU's effectiveness there is room for an improvement in effectiveness and in the Lomé renegotiation we hope to get the targets incorporated in the European Union's approach to development and so on. So although everyone has voted for them we need to mobilise a much more active and energetic political commitment to making progress in the immediate term, both within individual developing countries so there is a general enthusiasm for the approach and in the international institutions and amongst other donors.

Mr Canavan

9. Sometimes unfortunately UN agreements and UN resolutions are perceived to be mere rhetorical devices. It is many years now since the UN set the target of 0.7 percent GNP and I was pleased to see in your statement last week that you reiterated commitment to achieving that target, but you did not give any timetable. You gave a timetable for halving the number of people in extreme poverty by 2015 but you did not give any timetable for achieving the 0.7 percent target. Is there any significance in that?

(Rt Hon Clare Short) No, there is no significance whatsoever. We repeat the commitment which was in our manifesto and which we all fought in the election to reverse the decline. You know under the previous administration it went, shamefully, from 0.51 percent of GNP down to 0.27 percent and when they took over from the Labour Party it had been consistently rising. We have not given a target date for reaching 0.7. You will have noticed, I hope, the commitment from the Prime Minister when he made his speech at the Commonwealth Heads of Government Conference that the extra resources that will come to the Government from making this Commonwealth Development Corporation into a public/private partnership will come into the aid budget. So there is an active commitment

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to increase our spend, but there is not a date by which we will say we will reach 0.7. But believe you me that does not mean that there is not a strong commitment to achieving it and could I just point out that because the commitment is to reverse the decline as a percentage of GNP a small amount each year does not do it. Just a small increase does not reverse the decline in GNP because in the meantime one has had economic growth in one's country, so the sort of sums of money that have to be found in order to keep the commitment are considerable. The final thing I would say—and this is honestly the truth—of course if more money came into my budget this year we would find good ways of spending it, but alas the year we inherited, the money was already committed. I was able to move some money on the margins, but not the bulk of the spend; most of that is committed. In year two there is a greater capacity to redirect the spend and that is what we are actively engaged in trying to secure this year. I would not be in a position to spend well an increase in money until year three, in practice, in managing a good high quality redirection of effort into poverty eradication.

10. Will there be some system of continuous monitoring to ensure that these targets are being approached whether it is a 0.7 percent target or the 2015 target?

(*Rt Hon Clare Short*) Well, the 0.7 target, I am sure, people like this Committee will watch like hawks and it is a very clear business. You look at the decision on the spend each year and the growth in GNP and you can see what the progress is and I am sure there will be political commentary year on year and quite right, too. In terms of the 2015 targets, yes indeed. As Richard Manning has said, there is a commitment to measuring progress in so far as we can year on year. There is a big international effort going on right now to improve our capacity to collect and deliver statistics. We have said in our annual report to Parliament that we hope to incorporate these figures for each country in which we are working, but of course that does not mean that any progress can be claimed as just the result of our efforts. There will be other institutions involved and we will have to have other ways of measuring the effectiveness of our own spend. Yes, one of the things that we want to achieve in order that the whole world should make this advance is that all the world systems are using the 2015 target, reporting progress, noticing great advances, noticing failure—because of course one can learn a lot from failure—but noticing as the years go by rather than 2015 and then finding that we have not met the target.

Mr Bernie Grant

11. May I say that I welcome the White Paper and I certainly support your objective of the elimination of poverty overall, but I have a problem. My problem is that one of the biggest causes of poverty throughout the world is the government of the United States of America and I will give you three examples. One in relation to the Eastern Caribbean countries with the World Trade Organisation, and the United States is leading the delegation to scrap the agreements with the

European Union. That can cause tremendous poverty in the Eastern Caribbean countries. Second, the question of Iraq where since the Gulf War, in which 108,000 people died, over a million people have died as a result of sanctions and there seems to be no end to the sanctions against Iraq. Third, Libya, where as a result of the Lockerbie situation literally hundreds of thousands of children and women are dying as a result of lack of medication and so on. So if you are going to, on the one hand, help countries that are poor to eliminate poverty and on the other hand you have the United States of America whose policies are creating poverty every day and I have not even touched on the multi-nationals and what they do in terms of their speculation and so on. So is it a part of the British Government's position to tackle the United States of America, to try and get issues like the position of Libya, the position of Iraq resolved, because unless you do so those countries are going to be devastated. I mean Iraq and Libya were both thriving countries, had no problems, no aid requirement, etcetera. Now they are both economically unviable, the countries' economies are ruined and the people, never mind the government, are under tremendous pressure. What are you going to do about that?

(*Rt Hon Clare Short*) Well, Mr Grant, on the first question—the World Trade Organisation and bananas in the Eastern Caribbean—I will come back to the question of the Eastern Caribbean, but I think one of the things that is very important we all take on board very seriously, is that the world economy is globalising in a way that profoundly shifts the economic management of the world system. I recommend by the way to anyone who has not seen it the interview in I think it is this week's *New Statesman* between George Suross and Anthony Giddings on this question. It is absolutely fascinating. So if capital is moving around the world very rapidly—and it is a change; I think myself it is as profound a change as the industrial revolution was—I think understanding its effects, there is no doubt that it can produce more wealth and can be beneficial and therefore some developing countries will benefit, but all the major studies also suggest that there is a danger that some countries will be wholly marginalised, and the threat would be particularly to sub-Saharan Africa for example and that it may cause increasing polarisation and inequality within countries. So the World Trade Organisation we have to look at in my view in the context of a globalising world economy and of course the big move when the World Trade Organisation was established was to a rule-based system managing the rules of world trade. That is why in the end most developing countries agreed to support it and of course most of the member countries of the World Trade Organisation are developing countries. They have a capacity to make sure that their proper interests are fully considered in the World Trade Organisation and it just has had a high level meeting organised by the World Trade Organisation and UNCTAD? —

(*Mr Manning*) Yes, that is right.

(*Rt Hon Clare Short*) — to look at the interests of the least developed countries, so work is going on. One of the problems is that you have a changing global economy and therefore the remedies to secure the

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proper interests of the least developed countries are not clear in everyone's mind and therefore it is not always clear what clothes to take to the table. One of the duties of my new department is to draw together the best of work and thinking in those kind of areas and make sure that those interests are taken to the table of the international financial institutions. So I think if anyone considers the World Trade Organisation to be a kind of enemy of development, I think that is to try and wish away the economic development of the world. It is a bit like denouncing the industrial revolution; it is a perfectly reasonable thing to do. Blake did it and wrote beautiful poetry saying, you know, all these satanic mills; it was better when everyone lived in rural idylls but that is where reality is going and it can bring benefits if we manage it well. On the Eastern Caribbean, given that the challenge went to the World Trade Organisation, and I understand your concerns about what the motives were in taking that challenge, the task now is to make sure that the Eastern Caribbean is in no way damaged by the findings of the World Trade Organisation, to make sure that we and others in the EU work with the governments in the Eastern Caribbean to get enough time for adjustment, to get plans for the future of their economies that are sustainable and will be beneficial, the high value-added tourism and other possible production. You will know, Mr Grant, because we have had this discussion, it is my view that there is probably a beneficial niche market for Caribbean bananas as being the ethical banana, the banana that is produced without pesticides and with good labour standards and it is interesting that the big banana importers in Europe are the Swedes and the Germans who are quite open to arguments about being green. I think the WTO decision on bananas is part of the whole question of how we best manage globalisation which I think is a very important question to get right to make sure that some countries are not completely marginalised in the new world order and I think securing the interests of the Eastern Caribbean in the light of the World Trade Organisation ruling is possible, but a very urgent matter on which we must all work together. In terms of Iraq and Libya, as you know, in terms of the British Government's interests these are matters that the Foreign Office leads on and not my department. I share your concern about the terrible suffering of the people of Iraq because of the horrendous government under which they live and I hope that we will all be able to make progress on these questions, but let us not make the best the enemy of the good. The fact that we cannot have perfection on earth does not mean we could not have massive progress. We can work together, you know, as a Committee on the massive progress that is possible and continue to argue about some of the problems that have not yet been put right and try to put them right.

Mr Grant: Could I just come back briefly?

Chairman: Very briefly please.

Mr Grant

12. What you have said sounds good, but the fact of the matter is that almost in every area that is mentioned in the White Paper the United States has a

problem. In terms of the greenhouse gases we know that the United States is the biggest problem in terms of the world in relation to those gases and President Clinton has changed his mind about when and how he is going to try and curb that. The point I am making is that in all these areas there is the United States and somebody has to tackle the United States and their policies in relation to the rest of the world. As a Member of the Cabinet I hope that you will be one of those who will be doing that?

(Rt Hon Clare Short) I am very keen indeed to get real enthusiasm in the political systems internationally amongst people internationally for this development agenda. I think personally that people everywhere would be really enthusiastic about it if they believed great progress was possible, that the problem of compassion fatigue came out of despondency, not cruelty and hard heartedness. It is very notable when you come to the United States of America that the American people when asked think that America should carry on spending on development about the same as it spends at the moment and think that is about 20 percent of government spending. What can you do? God bless them! So there is room I think myself for the NGOs in America and so on to think about public education campaigns because if you have a people who think they are being generous when, in fact, they are not then there is room for making some progress.

Dr Tonge

13. Very briefly. I am still not clear about these targets. You see I have worked for over 30 years in the Health Service and I know that targets and statistics mean absolutely nothing, because the actual picture on the ground can be far, far different from the numbers that are being fed up to the top. I just want to know, perhaps Mr Manning can tell me, is it going to cost a huge amount of money for the OECD or the UN to actually monitor these things and can we really for instance say that by 2015 all women will have access to reproductive healthcare? I just do not understand how you are going to measure it unless you are going to spend millions and millions of pounds?

(Rt Hon Clare Short) No, I think it is for me to answer, not Mr Manning and I am sorry if you do not understand because I think it is absolutely clear and maybe you are saying it is not possible, but there we get the voice of despondency. All the development experts in the world projecting the progress that has been made up till now agree this is possible and agree that the setting of targets and measuring progress and using them to discipline the work of the international system, the partnerships between developing countries and others mean that it could increase our capacity to make measurable progress. I think you do understand and of course collecting figures is not a major expense. What we need is to improve our capacity to do that and I have referred you to the history of this country which you may wish to go back to. So the matter is clear; you may not agree but it is absolutely clear.

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Mr Rowe

14. Just a small point, but a very important one and that is that one of the, I think, unintended consequences of the hike that the Conservative Government made in the overseas students' fees means that people from the European Union come to take advantage of development courses in this country in large numbers and the people who need them most are actually excluded by the cost. I just wondered if this was part of your redistribution strategy?

(*Rt Hon Clare Short*) I am very conscious of the point you make because of course one meets so many people now in positions of significance and seniority in their countries who studied in Britain and therefore have great bonds of friendship who are in the end very beneficial to Britain in the kind of business sense as well.

15. That is not what I meant.

(*Rt Hon Clare Short*) No, no.

16. I meant people coming to development courses.

(*Rt Hon Clare Short*) Yes, but if I may finish. We increasingly want to do training in country. For the same money you can reach more people and you will not get so much loss of people not returning to their own country, so increasingly wherever we can taking in the expertise and access to all the knowledge, but if you take medical training, you then do it in the context of the facilities which are available in that country. We are more and more keen that training to increase the capacity of people in their own country to run their own services is a major part of the effort we need to make, but we want to do it wherever possible in country. Obviously sometimes there are very high levels of expertise that a country needs and it is appropriate for individuals to come to this country, but that kind of shift is the best kind of way of reaching most people for any particular spend and not from reaching them in a more relevant way that is immediately applicable in their country than coming out and training in a different kind of country and different kinds of facilities.

Mr Canavan

17. I was pleased to see in the White Paper the emphasis on the refocusing of United Kingdom development efforts on poor people. Could you give us some examples of some past efforts where you felt that they were not properly focused and that not enough priority was being given in certain projects regarding the elimination of poverty?

(*Rt Hon Clare Short*) I think there was a whole period in the history of development when the general view was that big projects in poor countries helped the countries and therefore would help the poor and the whole era of massive dams and big infrastructure projects came out of that kind of analysis. Part of this is lessons about what reaches the poor and what does not reach the poor, but the aid and trade provision is an obvious example. It pulled the development programme into countries that were not the top priority and into types of projects that clearly were not the top

priority. It was a considerable spend and that is what it did and anyone who scrutinises where it was spent and the kind of things it was spent on I think it makes that very clear. Obviously the departments in the past focused on, increasingly, support sectorally in a country to build the capacity of that country, to make progress in basic education and healthcare, but there are always arguments. Governments will come to us and say they need more PhDs or they would like more university places and of course one would like to do everything, but the aim of getting all the children of a country into primary education—this is profoundly important in getting poor girls into education because that has deep development effects that last on into the next generation—is the kind of refocus of all our efforts. So it is not that the department did not do it before; some clearly did not. I mean you can think of the projects as well as me, but the new discipline is that every single thing that we do has to be tested against that objective. However, in a country where we are working where the country very much wants to make progress their own efforts could be quite a long way back from the poor. If you can work with a government that has committed itself to improving healthcare, including basic education, you might help with their debt payments because they are doing it well. It is not that we need to have our hands on the head of the poor, we need to make sure that our efforts go in in a way that enables that country to deliver to the poor. For example, we do quite a lot of work with finance departments getting management control over their public finances, raising more taxation so they can fund their own education system, so I would consider that to be poverty eradication work when it is being done in order that a country can deliver primary education to all its children. So the test is not that we are touching the poor immediately but that our endeavours are enabling that country to provide services and advances that benefit the poor.

Ann Clwyd

18. I think many people in this country are critical of giving aid at all because they do not believe that they are getting value for money and you will know the criticisms that have been made from time to time and I wanted to ask you about your own evaluation procedures because in the past the ODA, when it was evaluating projects, had two sets of evaluations—and I know this myself from looking at things on the ground both in Indonesia and also in India—one set of evaluation reports which were internal and in some instances were highly critical of projects to which we gave aid and then external valuations which were available for public consumption in which the criticisms had been considerably watered down. Now I wonder if you have looked at this situation and whether in the future we may actually get to the proper evaluation rather than the doctored evaluation of some of the projects to which we give assistance?

(*Rt Hon Clare Short*) May I make some introductory remarks and then I will need to bring in Richard Manning about detailed systems of evaluations and to comment on the point you make. I am not trying to evade any question, but I cannot fully

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answer it. We have done some survey work which I would like to share with you actually about British public attitudes. There is no doubt people think a lot of the spend has gone into corrupt governments in the past. I think all of that undermines the public's commitment to aid and development and that is why it is very important that we do well, that it is clean, that people see progress. People are very attracted to the getting of children into education, healthcare and those kind of objectives. They feel that that is right, so I am very keen to both work on public opinion and measure our progress and see where we are persuading people and where we are failing to persuade people so that we can both make greater efforts and do more work. We need the public with us if we can make the kind of progress that we need to make. So I agree with you that scandals, in the sense of propping up corrupt governments, undermine the confidence that public opinion has that development is possible. It is very, very destructive and we must root it out and we must have very clean and open reporting to the public so they have confidence in our aid programme and our efforts. Mr Manning, may I hand over to you on two sets of evaluations?

(Mr Manning) I should perhaps for the Committee take you very briefly through the system we use. Each time a project is completed—that is projects over half a million pounds—the Department itself produces a completion report. It looks at what it has done, what it has achieved and any lessons to be learned. A large volume of these come through in the course of a year and we publish a synthesis of these reports which does not refer to the individual ones, but gives a sense of what proportion of our activities are perceived by those who are managing them to have been achieving their objectives. As an independent operation we have an evaluation department which sits outside the main management structure and which commissions independent evaluations of a limited number of projects—15 or so a year—and it does those by looking at a number of themes—it has been looking recently at water projects for example—and it will then publish a series of reports on individual projects and a synthesis of its findings at the end of that. These reports are drafted either by members of the Department or, very frequently, by people they have brought in, experts from the outside. These reports are then discussed by the same Committee of officials that approve new projects and the evaluators are challenged on their findings. Questions are asked, you know, is it reasonable to come to this conclusion on the evidence you have got. The evaluator then takes the report away and the report may be somewhat re-written in consequence or it may not and I think that Mrs Clywd is possibly referring to cases in the past where I think both the first draft, if I can put it like that, and the final report were in the public domain and some of the differences were picked up.

19. May I stop you there because I want the Committee to understand this clearly. I can give you the examples and that is where the internal evaluation report came into my hands by mistake and there was such a difference between the internal report and the

external report that I can only describe it as a complete whitewash?

(Rt Hon Clare Short) Do you want to say what project it was?

20. There were a whole series of projects in India, there were 12 in all which I looked at. There were also a series of projects in Indonesia, again where there was an internal report and an external one and there was a vast difference between the two. In fact, the public could not possibly, unless they read between the lines, actually come to a proper evaluation of whether that aid money had been used correctly or not?

(Mr Manning) I think we had better look at the specific cases which we will be happy to do, but the point I was just going to make is that we have recently reiterated that these reports will be published in the names of the evaluators and they will carry a disclaimer that they are, in fact, the reports of the evaluators rather than those in the Department and we think that will hopefully ensure the right balance between the evaluators taking account, as they obviously should, of the Department's views on their finding, but leaving the evaluators very clearly the masters of this material and the people under whose authority it goes out.

(Rt Hon Clare Short) Or the mistresses even!

(Mr Manning) The mistresses, indeed, in many cases.

21. That really is not the answer, Mr Manning, the answer is that I think there is a deliberate attempt to deceive actually on what was a very critical evaluation of a series of projects. Now this is a long way in the past, I accept that. The point I am making to you is whether there are still going to be two sets of evaluations, one available internally and one available externally which are actually quite different in substance?

(Rt Hon Clare Short) I am very keen for us to be as open and transparent as we possibly can be which will include admitting failure, because as I said earlier one can learn from failure. I am very keen that we should go over this and get it right and satisfy you that we are getting it right. I suggest it might be a good idea to write after this exchange and say what we do and you look at it and discuss it, if necessary, informally so we come to sharing evaluations with you in a way that you feel content with. But I must, because quite reasonably you raise these points, but you allege deliberate efforts to deceive that involved my officials, I would also like Mr Manning to be given—

22. They may not necessarily be the officials?

(Rt Hon Clare Short) No indeed, but I am sure you would want, Mr Manning, on behalf of the officials in my Department to answer that point?

(Mr Manning) We certainly do not set out to deceive but I think we had better look at the specific evidence and then we can no doubt respond. It is certainly very much our philosophy that we do want to put things as much as possible in the public domain. In my view, the Department has nothing whatsoever to lose by being as open as possible and I think we

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have everything to gain from being as up front with the public in general as we can be.

Chairman

23. Secretary of State, I think we would like to take advantage of your offer and also to be assured that we will receive these published reports by the evaluators as they come forward?

(*Rt Hon Clare Short*) I have to say I am not particularly *au fait* with the evaluation procedure, but if we can do what I promised and write to you saying what we have and you look at it and, if necessary, have informal discussions and make sure that we are as open as we possibly can be, both with your Committee and with the wider public.

Chairman: Thank you. We will come to these as we look at the estimates each year and therefore be able to find out what lessons you have learned and what you are projecting therefore into the future. May I ask Miss King to continue our questioning?

Ms King

24. The Committee would very much like to welcome the emphasis placed on women in the White Paper which obviously ties in with the refocusing on the poorest women and 70 percent of those poorest people are women. What I wondered is how DFID will be able to ensure that the impact of Government policy on the status and quality of life for women in developing countries will be taken into account, not just by DFID but by other Government departments and perhaps crucially by these other Government departments as much as your Department where we would expect your iron fist to make sure that none of those mistakes in the past continue in the present?

(*Rt Hon Clare Short*) May I say on this, obviously someone like me and you indeed may say that would want there to be an emphasis on equality for women anyway as of right because it is morally right and it is right that people should have equal opportunities in their life, but beyond that it is absolutely clear that you cannot achieve the development of which we talk without educating girls and empowering women so that people who might not be particularly enthusiastic about increasing the position of women, if they want development have to go down this road. The evidence of what succeeds in development is now so absolutely clear, and in that sense the argument is won. Of course ensuring it is done on the ground is another question. In terms of universal primary education and getting girls into primary education this is absolutely key as I keep saying and the universal aspiration is crucial because in very poor countries poor children are excluded and, most of all, poor girls. Therefore the universal aspiration is particularly ensuring that girls and poor girls get into education and there is no doubt that every year of education that they get transforms their lives as adults, as mothers, as earners and therefore transforms their countries. In terms of getting basic education to adult women and empowering them, this is also key, because as you say 70 percent of the poor are women and children and lots of the micro-finance type projects are highly beneficial to

women and highly targeted at women, but I have to say—I have said this before and I should share it with the Committee—I think the Department knows a lot about basic healthcare, basic education, clean water and sanitation, the kind of macro-economic conditions and regulatory systems that can promote economic growth and attract inward investment and we want to do more on that. The action to improve the livelihoods of the rural poor or the urban poor I think although we have done a lot of work needs more endeavour on our part and some of that will particularly focus on poor women. We have monetary and evaluation systems again that take account of what is happening to the progress of women and women's livelihoods, which I do not know if—

25. Presumably at the moment there is no way for you to monitor or have any impact on government policies and other British Government departments and their impact on women?

(*Rt Hon Clare Short*) Well, I am a Member of the Cabinet Committee on women in general which of course goes beyond development and is the endeavours of our Department and we now have a cross-departmental committee on development and we have the capacity to monitor progress and, as I have said, you cannot have progress without women making progress. It is absolutely key to getting the change and the advance and we do monitor the impact of the progress of our own programmes on women and I want to bring Richard Manning in on that. Some of the targets that we are working to include improving the status of women and that implies a further commitment internationally to measure progress. I am not saying necessarily that we have it perfect, but I am clear—well, I think I am clear, my view at this moment rather is that it would not be the best way to set aside part of the budget for women because it is so important that it is applied through everything that we do and that they benefit from advances in healthcare, education, livelihoods and so on rather than have some women's projects that we can measure the amount we gave out to, but that would not achieve as much. Do you want to add anything?

(*Mr Manning*) That is certainly very much the approach that perhaps Britain has adopted perhaps more than some other countries. A number of donor countries have women's units within their aid agencies who tend to look for women's projects. What we have tried to do so far as possible is to mainstream the gender issue around all our programmes. We have found occasionally of course that it is a question of looking at the disadvantage of boys in education as well as girls; it is not always one way. But we have tried to build that in so that all projects have to assess how far they are contributing to a gender objective and this is—coming back to our evaluation—something we always look at when we evaluate when we look at a report afterwards as to whether they have had any effect. If it is a project where the gender thing is critical—there is a good example with our work in primary education in India—we go to quite a lot of trouble to collect statistics to see the differential effects on girls and boys of improving education standards and the like. It is always very difficult to aggregate

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this to produce a simple number as to what proportion of assistance is going one way or another but we do try and include wherever possible gender components in our projects and we have been also very active in trying to promote similar kinds of thinking among the international institutions. Our Chief Development Adviser, for example, has been in the lead with European social development colleagues in trying to improve the World Bank's interest in social development aspects of their projects, with a great deal of success.

Dr Tonge

26. A lot of women, particularly young women, are in dreadful labour conditions—I mean work labour not giving birth labour; both actually!—but how much progress are you making and I know you have made some, with the DTI for example, in putting pressure on importers and big companies in this country on insisting on basic labour standards?

(*Rt Hon Clare Short*) This is an enormously important question and it is part of managing globalisation to which I referred earlier and making sure the benefits flow to people in need and capital does not move around the world constantly searching for cheaper labour. We have strengthened our work considerably with the International Labour Organisation who are about to refine—because there is a whole series of Labour Standards Conventions—a set of core labour standards which we can make more and more instruments of our management. For example, the Commonwealth Development Corporation is going to strengthen its ethical commitments and poor labour standards will be part of that, so we need an internationally agreed set of core labour standards which are in no way protectionist, that do not take away from developing countries the advantage they have that their labour is cheaper, but which give the right for labour to organise within their countries and get benefit for themselves as their economies improve and we are very keen indeed to back that. You will also know that with these very powerful ethical consumer movements that are spreading and strengthening in Britain, the big Christian Aid campaign in relation to supermarkets, shoppers are keen to know the produce they buy was not produced by horrendously exploitative conditions, obviously particularly for children, but for labour in general. So there are more and more preparations going on for agreed codes that can be monitored that include core labour standards. I am increasingly optimistic that if these become instruments which are pre-conditions for big supermarkets to source—and you know this figure that the ten biggest British supermarkets source in developing countries as much material as is the income of the 35 poorest countries in the world—the potential influence is very considerable and if they are going around the world saying we will only source if you have core labour standards, if we are pushing forward on ILO work, if things like the Commonwealth Development Corporation that are offering considerable investment is saying that we want guarantees that core labour standards are in place, then we can get an era of very

considerable progress. You know there is this aspiration to a human rights clause in the World Trade Organisation to make it a pre-condition of the most privileged terms of trade that there is some basic protection for labour, but at the moment there is not a majority in favour of that in the World Trade Organisation and most developing countries fear that protectionism might come in through this route so we need more discussion. However, there are currently talks going on over the general system of preferences in the European Union to put a commitment to core labour standards and some environmental standards giving an additional privilege to trade, so not an imposition but an incentive. I think this is a very key thing and it is very important to development as well as to some of the poorest people, but getting it right and moving forward is not simple and we are pursuing a number of avenues that make me optimistic that we can make progress.

Mrs Kingham

27. I just wanted to come back to the situation of women and I am pleased to hear that you do have an agenda and something perhaps written into your project applications or your project assessments, but does that also apply to when we are going to be working with partner governments? You made a big thing in the White Paper, and it is something I welcomed, that Her Majesty's Government will work with governments that meet a set of ethical criteria really that actually put the elimination of poverty at the core of their values. Will the position of women be considered when we are deciding which governments to work with? Secondly, within our own aid programme, our own development programme, in terms of things like the know-how funds and when we are working on good governance programmes with other international partners will the role of women be considered there?

(*Rt Hon Clare Short*) Absolutely. As I said earlier, the argument is won in development that you have to advance the position of women and girls to get development, so it is no longer a kind of optional extra that you may believe in or not. If you want development you have to include children in education and women have to be strengthened and empowered. The international development target include targets that include girls and women. We are looking not to impose new conditions on partner governments, but to say we want to work with governments that are wholeheartedly in commitment to these objectives and that is where we will get the strongest partnerships and we all know that you get the fastest development where you have a government that is putting all its energy into making progress and then donors back them and that is the prospect of getting real optimism into development and good government succeeding. But governments will not succeed and will not go for the targets unless they include girls and women; they are entrenched in what the international community is agreed is the only way to make progress and there is growing commitment to that throughout the world. It is understood in Bangladesh as well as in West Africa

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and East Africa. There is a real sea change that is taking place that recognises this point.

28. The second part of my question; could I get that answered?

(Rt Hon Clare Short) About the know-how fund?

29. Yes, I did not just mean about getting primary education or levels of literacy, I was talking about involving women in higher levels of development in terms of stable livelihoods, etcetera which is the good government side of the know-how funds. I would be interested to see how they bolt into empowering women in terms of development?

(Rt Hon Clare Short) Yes, girls in education is just one of those key issues that is so clearly measurable and encapsulates the point, but it is not the only point and empowering and strengthening the position of women is also absolutely key and there is a growing movement for women's political representation and representation throughout the world that is a very cheering, strong, international movement. It does not mean there are not some laggards, but we are in an era of progress in a consensus that there has to be further progress and that is at all levels in the institutions of a society in order to make advances. The know-how fund, that is the special know-how fund that is a British programme in relation to the transition countries in Central Eastern Europe and the former Soviet Union?

30. Yes.

(Rt Hon Clare Short) I have to say I do not know how or whether we measure commitments to women's empowerment in our know-how fund work but if we do not know here, I will certainly get you the information. We have reviewed the operation of the know-how fund and we are basically going to move its centre eastwards and put more focus on the poor and people who are falling through the system and an horrendous growth of poverty and loss of life expectancy and so on and health problems that are quite worrying, but I am not conscious that we have any measures of impact on women of our know-how fund activity. I am grateful for the question. Can either of you answer it; if not I will make sure we write to you?¹

(Mr Manning) I think it is fair to say that the original focus of the know-how fund which is very much on sorting out capital markets and the financial aspects of the transition was not particularly gender sensitive in that sense. It was looking very much at financial systems, at privatisation and things of that kind. It is now moving into this new agenda which is referred to in the White Paper which the Secretary of State has outlined and then I think naturally we will find ourselves much more in the kind of areas that you are talking about and I would anticipate there will be a much greater focus on this as the know-how fund develops its new style.

(Rt Hon Clare Short) I promise you we will take that question back and look at it because of course we have learned an awful lot about how not to privatise and the crucialness of good regulatory systems and

looking at impacts and it has not always been well done but we have learned a lot of very important lessons, so we will write on that point.

Mr Grant

31. What about the role of women in DFID itself? You have been here on three occasions and you have had four white men with you. Now it does not make me feel comfortable because of course you are dealing with poverty, poor people, you are dealing with women, you are dealing with people of colour and you have well-to-do white men who are supposed to be running these programmes, heading up these programmes. Are they sensitive enough to the sufferings of those people, in DFID?

(Rt Hon Clare Short) Let me make a first answer. Mr Grant, I have tried to invite you before to love my staff and my officials as much as I do. They are particularly dedicated people, they chose to work in this area of policy through the years when it was not fashionable and applauded. Now that does not mean that the question you raise is not an important question, but we have some very dedicated people in my Department, I really do assure you, who care about these matters massively and have committed their life's work to them and they do not all come from wealthy and privileged backgrounds. There are endeavours within the Department, as there are across the public services, to make sure more women are promoted and more black people are promoted and we have procedures within the Department to monitor progress. May I hand over to Mr Manning?

(Mr Manning) I think like the rest of the public service we face the difficulty that it takes time for people to come through and the recruiting pattern over the years has meant that both women and ethnic minorities are under-represented in both the higher levels and the feeder levels within the Department and that can only turn round gradually over time. As the Secretary of State knows, we now have our first woman director of one of our geographical programmes just in the last few months and two out of our six chief advisers are women, but we are very conscious there is a gender imbalance at the top of the Department as there is in much of Whitehall and this is something that cannot be turned around too quickly, but it certainly should try and move it in the right direction.

(Rt Hon Clare Short) Chair, we do want to make more progress and if at some point the Committee wants to look at this and give us any advice about how we could make faster progress we would welcome it.

Ann Clwyd

32. May I ask about our support for countries in transition? It seems to me a particular irony that we used to criticise—and we still do criticise—third world countries for spending too much of their budgets on armaments and yet at this particular moment in time we are encouraging some of those former Eastern Bloc countries to join NATO and to join NATO they are going to have to spend a considerable amount of their budgets on buying new armaments in order to join the

¹ See Evidence, p. 25.

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club. Now that means of course that people in those countries will have less spent on health, education, social services and all those things that we are also saying the country should spend their available budgets on. Do you not find that a particular irony that we say that to third world countries and yet we are actually encouraging the countries in transition to do the opposite?

(Rt Hon Clare Short) As you know, my Department is not responsible for the expansion of NATO and you know that and I know that. I am not aware—and I would be very disturbed if that were true—that joining NATO involved an increase in defence spending and that certainly countries in the former Soviet Bloc tended to have high defence spends. I have no expertise whatsoever in this question, but I would be surprised and disappointed if joining NATO led to necessarily an increase in defence spend. I think it is not properly a question for us, Chair, though it is a question that interests me. I can say that I have had some discussions with the Chief of Staff in Britain because certainly it is a question across the world that of course you get political instability and the likelihood of war in some of the poorest countries and then the danger of big arms spending that then just repeats the cycle of poverty and he has expressed an interest in working with us to help advise countries that have a very high defence spending that a reduction would be possible and I thought if we sent military officers rather than officials of my Department it might be more persuasive advice in the possibility of reducing defence spending. So that is an issue to which we attend, it is an issue in development on which the OECD is taking, I think very beneficially, more and more interest. On the NATO question I have to say I have neither any responsibility or any expertise.

Chairman: Thank you, Secretary of State. May I bring to my colleagues' attention that we have 25 key points that we want to bring to the Secretary of State tonight and I have no doubt her Private Secretary has a heavy programme for her this evening. So somehow we have to try and speed up if you will. May I ask Ms Follett if she will continue the question on multilateral and bilateral aid?

Ms Follett

33. Secretary of State, I would like to turn to the balance between multilateral and bilateral aid in the United Kingdom's development programme. Some 30 percent of international development assistance is provided multilaterally, but in the United Kingdom that figure is somewhere around 50 percent. Are you happy with the balance between bilateral and multilateral aid in the United Kingdom's development programme and have you any plans to change this balance? If you do and bilateral aid is increased have you any idea in which countries you might spend that bilateral aid?

(Rt Hon Clare Short) I do not have a view particularly of what the right balance is. I suppose the prejudice almost with which most of us approach this question is to believe that bilateral spending is better, partly because our own programmes have a very good

reputation. In the course of the preparation of the White Paper I did address that question more thoroughly and of course we cannot, as a country, work everywhere. We need a bilateral programme both to face up to our historical responsibilities and to work in the places where we can make a good contribution and to learn lessons that we can take into the multilateral system, but we must also put energy into improving the quality of the multilateral system and ensuring then that you get the reach that is contributing to people all over the world. It is just simply impossible to work bilaterally everywhere, so I think we need to give more value and more effort to improving the quality of our multilateral efforts and not just think the right way forward is to spend as much bilaterally as we can and we say that in the White Paper. On the present balance I think 90 odd percent—is it 93 or 97 percent?—of our multilateral spend we have no discretion about. A big chunk of it goes through the EU as you know in an agreement reached by the former government and is committed and some of that is not of as good a quality I think as we would like, so we need to put a considerable effort into improving the quality of EU spend and that will be one of the priorities of our Presidency in the development field. Over time, as we get an increase in the budget I think this is going to be a very important question, where we can most beneficially put more of our spending and I do not have a view at this moment. I think we have to look at where our maximum effectiveness can be. We are trying to work in all the UN agencies, very strongly backing the Secretary General's reform programme, but not allying with those who have a kind of anti-UN attitude and were looking for savings, but allying with those who want a more effective and powerful UN so backing the commitment that any savings will go back into the UN system to promote development. There are parts of the system that are not efficient and could be more efficient and I think the Secretary General's programme is a very great opportunity to increase effectiveness. Of course a lot of the UN agencies are key to development and getting their co-ordination improved gets more potential effectiveness on the ground. So that is the answer; the balance is as it is and we have no choice because of our multilateral commitments, but it is a question that we are going to have to take a view on. I think we must treasure both efforts and we must get better at trying to use our influence in the multilateral system and to get improvements of quality. I think we should keep the question under review as we get a bigger budget as to what the proper balance is when we have some discretion in how to spend it.

34. With the bilateral aid, will DFID set targets for outcomes of its bilateral aid to particular countries and how does this intent involve the people of these countries as well as governments, and I would like to add here a plea for involving women because the best way to help people and to help women is to help them to help themselves and the best way for them to help themselves is to get them into government. All too often in developing countries the representation is even worse than it is in this country?

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(*Rt Hon Clare Short*) The first question—will we set targets and will we do more evaluating—absolutely, yes. I think one of the weaknesses of aid programmes in the past has been a kind of obsession with inputs and not enough evaluation of outputs. Obviously to get effective programmes you need to evaluate outputs and see where you are getting success and indeed see where you are getting failure and the whole international system needs to improve on that and the target setting is part of it, but strengthening evaluation is also one of the things that needs to be achieved in EU programmes to get an improvement. Yes, very strongly we want to strengthen that wherever we can. How people can be involved? The ideal is that developing countries embrace the poverty eradication targets, have their own strategy for achieving that objective and therefore do not have to have separate negotiations with the World Bank or the UN Agencies, the French Government, the German Government. At the moment some of the precious administrative resources of some of the poorest countries of the world are taken up in separate negotiations with a whole series of donors about all the same objectives. Also I sense that the donors are sometimes driving the agenda. If you can get a government owning its own agenda and then all the multilateral system coming in behind the same programme and taking a lead in different areas, so Britain might work on education and someone else on expanding their health delivery, we could get much more effective advances. That is the ideal, that is the model to which we want to work and the World Bank is aspiring to work in that way so that we are not all re-inventing the wheel in every country. The idea then is of course that those programmes are published and owned by the people of a country. So it is their government's programme, they own it, they are part of monitoring its effectiveness, they are part of criticising failure and back sliding and we are interested, as part of our commitment to good governance, in backing the development of NGOs and civic society that creates that kind of healthy, democratic pluralism that can criticise government in that effective way that is about making programmes be implemented, not just being in complete opposition. You are right, that is a very important part of making the step change to much more development programmes.

(*Mr Manning*) We are very keen in devising projects, particularly the more complex areas we are getting into, to have as much participation as the people who are going to benefit or may potentially benefit from the projects as possible. One thing that one certainly does learn from evaluation is that projects that are invented and imposed on a group of people are very unlikely to work and the more one can spend time at the outset getting real ownership by local groups and working with their agenda, the more successful the endeavour is going to be. So our philosophy is very much to try and work in that way wherever we can.

35. I would like to add a plea for ownership being for the female half of the population as well?

(*Mr Manning*) Absolutely.

(*Rt Hon Clare Short*) We share that. I must say the evidence is clear that you need decentralised administrative systems otherwise you get school systems with ghost teachers who are being paid by centralised government budgets who never come near the school, whereas when you decentralise and parents are involved you get the kind of participation and improvement in quality. So it is not just desirable in itself, you get more effective programmes, they reach people better and we want to go for this human rights approach to development which means involving poor people in the development of their own programmes, making sure they have a voice because then they can criticise what is going wrong and get it right. If everything is run centrally, the people that are meant to benefit get no say we all know you get a much less effective system.

Ann Clywd

36. Can you tell us what you think the focus of the EU development programme is now, because at the end of the 80s, beginning of the 90s, it was skewed in the direction of the countries in transition at the expense of the third world? In fact it was said that the best staff and resources were switched away from third world to the countries in transition. Has that focus been readjusted or is it still the same focus?

(*Rt Hon Clare Short*) I must say I cannot speak with any expert knowledge about the whole EU effort. As you know, it goes across a number of directorates. We are preparing for our Presidency and then I will chair the Development Committee and we have set ourselves the targets of getting the Mauritian negotiation Mandate right for improving the effectiveness of EU programmes in delivering on poverty and gender equality being a test of whether they are effective. What else? A couple of other objectives, which again we can share with you and is going to be a very important question. There are quite critical reports of the DAC Committee of the OECD on EU performance. It is not all bad, it is variable and I cannot I am afraid answer the question about where the balance of the spend falls, can you?

(*Mr Stegmann*) Well the spend of course for that on the transition countries by the EC is decided by the European Parliament, the European budget, not directly by Development Ministers, so there is only a limited amount of control we have on that. I think that is a key point.

37. What is the situation now though?

(*Mr Manning*) It is certainly the case that if you take a longish period of looking at this what you will see is that the share of Community assistance going through the Lomé Convention is a declining part of the total because of the starting of the brand new programmes in Eastern Europe and the former Soviet Union and the very rapid expansion of the Mediterranean programmes. So if you like the Community has been *de facto* devoting more resources to the near abroad, if I can call it that. It has not been reducing the amount of money it has provided to Africa and Asia, but those amounts have become smaller in relation to the total. I can tell you one of the

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big questions for the next external spending perspectives which will be due around the turn of the century will be the balance after that of assistance to these various groups.

Mrs Kingham

38. I think most of the question I had has been dealt with actually; may I just deal with the second half of that which was about the programme of the EU next year, obviously in 1998. There has been fairly consistent criticism about some parts of the EU's aid policy and the way that parts of it seem to be a bit of a mish-mash really in terms of different departments and a lack of strategic overview for it. What will you hope to do to encourage more transparency and more effective development programme when we have the Presidency of the EU?

(Rt Hon Clare Short) As I said, we are going to make an increase in effectiveness one of the priorities of our Presidency and I think it is important that we do not get into a sort of—and I am not for a minute suggesting you are—EU bashing mode on this in that we are committed over some time to a lot of our resources being spent in that way and if the EU was a more effective player—I think the Austrian Finance Minister was saying at the General Committee yesterday that the EU provides 60 percent of all development assistance in the world. That is a very considerable spend, a very considerable potential influence. If we can increase its effectiveness and get it to serve the kind of objectives we are speaking about today that would be a big gain in commitments to poverty eradication. There is a real problem with fractured responsibility in the administrative systems and weak evaluation systems and we do want to do some sort of detailed work about how we can bring about an improvement. There is this Development Committee of Ministers which meets only every six months and in previous Presidencies countries have tended to put a resolution through the Development Committee, but then that is your six months up and you have a resolution and nothing much has changed, so we want to do a bit of preliminary work to see what is the most effective way of making an increase in effectiveness a target. The Commission did produce a paper—not, a paper a Communication—on the Lomé re-negotiation which we think is quite good in many respects and it makes an improvement in the quality and evaluation of EU performance one of the objectives, so hopefully we will increasingly be working with a Commission objective. I think it is a very important question; we are starting to work on it and would expect to report back to you in the future.

Mr Robathan

39. You mentioned the UN briefly, but could I take you back to the UN because it seems to me that that is a place where we do—I do not know what proportion of aid; perhaps you can tell us what proportion of our aid budget as UN aid as such—but I have noticed whenever I have come across the UN that it is particularly inefficient. That is my own personal experience. I do not know what budget it came out of,

but I met a chemical engineer I think it was in Sarajevo in September during the elections who had just had his contract renewed for another year, I think it was a year's rolling contract, but he did not actually have a job to do. Now that presumably has been paid for through an aid budget to which we are subscribing. Would you have any comments on the UN budget, the UN delivery of aid.

(Rt Hon Clare Short) Yes, I am informed that our spend for the year at the UN is 3 percent of our budget so it matters but it is a small proportion. Our multilateral commitment to the EU is the biggest spender of our multilateral spending. I agree with you that there are parts of the UN system that are inefficient, but I think the UN is a very precious institution, especially in this globalising world and what we must not do is knock it. What we must do is improve its effectiveness. As I said earlier, and I am not suggesting for a minute that that is what you are doing—and there are notorious examples of inefficiencies and I completely agree with you and everyone who treasures the UN should want to make it more effective so that it does not get that kind of criticism. I do think we are in a beneficial time. I am a great admirer of the Secretary General; I think he is a very fine and impressive man and we are very lucky to have him there as Secretary General in a time when there is an impetus for reform. That reform and that reform has to go through the UN as a political institution and its agencies pulling together their endeavours so that they are not UNICEF working completely separately from UNDP or someone else in the same country, just to get more effectiveness. Therefore some agencies have gone through periods of great reform and improvement and others need to do so and we want very actively to be part of that agenda, not in a UN knocking sense but looking for alliances with others who would strengthen UN effectiveness. Like UNESCO, obviously we are the responsible Department, the Food & Agriculture Organisation, FAO, could do with some improvement and we want to use our best endeavours there. I agree with you that it is important; it is a tiny part of our spend but that does not mean it is not important.

Chairman

40. Secretary of State, can we just be clear that 3 percent through UN agencies presumably does not include the World Bank which of course technically is a UN agency. Is that right?

(Mr Manning) Indeed, we have a budget of a little over £2 billion and we are spending something like £70 million through UN agencies in the narrow sense. The World Bank IDA is probably between £150 and £200 million, it fluctuates from year to year, but of that sort of order of magnitude.

Mr Rowe

41. You said something there very interesting, Secretary of State. You said that you wanted the various agencies working on the United Nations to work together. Is it not true that in many instances it is better to take, in a country a clump of people,

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whether they be mothers and children or whether they be women in general or whatever, rather than taking a departmentally divided view. One of the difficulties I have with the White Paper is how confident are you that Whitehall's strongly departmentalised view with people saying "it is not for me, it is for my" is actually going to be able to deliver that. As you know, the Agriculture Department has its own agenda and its own criteria for measuring success. The Health Department will have the same and I just wondered to what extent we can hope for consistency, given for instance we have already encountered the fact that the view of the Foreign Office and the view of your own Department, two very closely allied departments, is actually quite sharply different on some elements of Montserrat. If on a tiny pin prick of that kind you have quite sharply differentiating views, how are you going to ensure that the Whitehall machine does not continue an irrelevant fragmentation when it gets the delivery of aid?

(*Rt Hon Clare Short*) The logic of your question, Mr Rowe, is that my Department should take over all the other departments in Whitehall. Quite an interesting proposition that I would not resist, but it might not happen in the short term! There will be of course tension between what departments see as their first priority. Development is slightly longer term. The business of government is often very short term so that although these reforms are in the interests of the British people and there is no question about that and getting reform in the efficiency of the international system, more trade, more stability, more sensible agricultural arrangements or whatever is in the interests of British consumers. We have the Common Agricultural Policy to deal with in the meantime kind of thing, although of course we are entering into a period when we are going to get reform in that area. So I do not underestimate the difficulty of this. We have for the first time a commitment in Whitehall to a department that brings to the table on questions of agriculture or trade or debt or whatever it is the interests of developing countries and not just the immediate short term interest of our own country. It is our task to at least bring that into the considerations of our policy on any immediate question that is raised in the World Trade Organisation or in the OECD or whatever. That is an advance and we have all departments signed up to the White Paper in a very real way and that has been a process of advance. But you are absolutely right, some of the tension and pull between short term interests, between immediate departmental interests and bigger world picture interests, will remain and we will have to continue to work on those questions together.

Chairman: We were interested, Secretary of State, in the Panel 14 on page 39 with which I am sure you are very familiar and Barbara Follett is going to ask our questions.

Ms Follett

42. Yes, Panel 14 sets out the criteria for government to government partnerships in the bilateral aid programme. What the Committee would like to know is how demanding will Her Majesty's

Government be in ascertaining and assessing whether governments meet these criteria and whether the multilateral institutions should also set stringent criteria like these in Panel 14?

(*Rt Hon Clare Short*) These criteria are not meant to be stringent; they are meant to be a description of what a commitment to the poverty eradication targets to which everyone has signed up might mean. But we know that in the real world and in the poorest countries getting perfect administrative systems that deliver across the board is not easy when they are struggling with all sorts of difficulties, very tiny government with its very big debt burdens and all the kind of political conflicts that you get in any political system. So we are not saying we want perfection or we will not work with you, because indeed there might not be very many places one could work. I mean, which government in the world would claim to be perfect; none, I hope, including this. That is the not the nature of government. What we are looking for I suppose above all is the goodwill, the will to do it, the genuine aspiration to really make progress. Now the ideal is the one I described earlier and Tanzania is just moving to this, realising it is wasting a lot of resources dealing separately with lots of different donors and developing its own programme that then it can take to all the donors and it can own and might a more efficient way of working and other countries are working in that way. That is the ideal, but we are not saying you have to have that in order to make progress. You might in another country have a very good department or some very good ministers in some sectors, so you might have a very good Education Ministry that really wants to make progress and you can really work there, but you have real problems in some other sector; that would still be a partnership. They will go in gradations from the ideal with a very heavy government commitment through less than ideal but some ministers and departments that one can work with and hope to get the big enhancement of government provision. In reality, in the real world, that is what we find. In some of the very big countries like India we work in some States because to take on the whole of India and the levels of poverty there our potential effectiveness would be less. So we are not looking to be in a posture of hectoring, we are looking to be in a posture of genuine partnership, of saying: "You and we have signed up to these poverty eradication targets; can we work together on them? How is your country going to get more of its children into primary education? This is the experience we have in other places, can we help you with teacher training, book production, administrative systems? Do you need some help with your Finance Department to get the taxes raised that will fund the system?" So it is a series of gradations that will go right down, I suppose, to governments that do not have the will. We would all have different lists, but one tries to work with them because there you will find some of the poorest and most oppressed people in the world and one will try and work with local NGOs or maybe units of local government to do what one can. But we will get the big advances where we have governments who want to make them and I do think to get optimism into development to show that success

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is possible is important to development and it is also important to people who live under bad governments because then it is not just despondency, they can say: "Look, we want a better government than this. Look what is happening in our neighbouring country. We could achieve similar progress." Optimistic political models spread to countries that do not have good government.

43. Would the British Government like to see the multilateral organisations adopting these criteria? Would you do anything to work towards that?

(*Rt Hon Clare Short*) Absolutely. Again, the whole international system is supposedly signed up to the targets. One of the things that we want to achieve is a much sharper signing up and there has been a move in the management of the IMF, the Bank, the World Trade Organisation even that is interested more and more in managing the international system in a way that helps to eradicate poverty, but we want to strengthen the commitment to this kind of way of working because it can draw the whole energy of the international system together and therefore the potential for progress is very much greater. The partnership is the method of working, but for example the Communication that the Commission produced on the Lomé re-negotiation now talks about the partnership model of working too. Everyone knows that where you get donors and governments working together in agreement about the objectives you can get massive advances and we want to get that wherever we can get it, but recognise that you do not get perfection and sometimes you have to settle for less.

Mr Kingham

44. Going back to what you said before about working with partner governments and the list of criteria, I think that is commendable, but what I think concerns me is that we are encouraging and working with these countries who have made a commitment to eliminating poverty in their own countries but yet on the other hand I am concerned that they may be undermined and their ideals may be undermined in eliminating poverty by things like the multilateral agreement on investments, on the fact that they are pushed for commercial reasons to get financial profit for their countries, to setting up free trade zones. I am concerned that these ideals and these good criteria are going to be undermined in a sense by not having enough teeth on things like having very regulated labour standards and very distinct codes of conduct that are actually sort of compulsory instead of rather than being something that people would choose to sign up to. I have seen that myself in Sri Lanka and in El Salvador where there might be a commitment—or there may not be sometimes—in the government to eliminate poverty and yet these free trade zones set up where people have no labour rights at all, sometimes child labour is used, and it is just seen as a sop to multinational companies, to get them in to get the quick bucks really?

(*Rt Hon Clare Short*) The first point—and I had a meeting with all the Commonwealth High Commissioners this morning and there was a lot of

interest and enthusiasm not just polite working groups were being set up for the African response and the Caribbean response and so on—but this is back really to the question of globalisation and its pattern and how we might manage it and whether it marginalises some and I think it is a profoundly important question. I do agree with you. On the MIA this is an OECD proposed agreement on rules of investment within the OECD countries that require any country not to treat investments coming from a foreign source in a different way than investment that is coming from its own country. It is not meant in any way to be a development instrument; it is meant only to apply to OECD countries. The concern of course is that it will become the model and then will spread more and more widely and the developing countries will not have been at the table when it was developed and their interests are not taken into account and then it becomes the model. That would be the concern. One of the new responsibilities of our Department with the enlarged remit is to take that kind of point on board and some of the British NGOs, as you know, have campaigned on this point and we have done quite a lot of work and the British Government, amongst others, have put in reservations on the MIA on the question of poor labour standards and environmental protection to make sure that countries are not driven into creating incentives to attract investment that mean constantly cutting labour standards or cutting environmental standards, that the line that everyone agrees on includes protection for those rights. I agree with you we have to go on both fronts and I agree with you very much that good governments must succeed rather than be undermined. I think in the rather cruel 80s and some of the IMF imposed programmes when, I think unforgivably myself, the IMF adjustment programme required some of the poorest countries in the world to charge for basic education and basic healthcare and therefore the poor were driven out of fundamental services that we knew promoted development and sometimes undermined governments with good intentions and that is probably partly the era to which you refer. Happily that is over, we have very different leadership from the Bank and the Fund. That does not mean it is always perfect on the ground, but definitely the strategies are very different. I have recommended before to everyone reading Mr Camdessus' speech to the annual meeting of the IMF; it makes you very hopeful about what we can achieve, but not complacent. So we have to pursue on both fronts; we have to have good partnerships with governments and we have to make sure that the interests of the developing countries are at the table in the international institutions and the Department has taken on the responsibility to try and create those relationships and make sure that that agenda is brought to the table.

Chairman: Now we would like to focus on Dependent Territories and Mr Bernie Grant will ask our questions.

Mr Grant

45. This is something that we raised previously. The White Paper reaffirms the principle that the reasonable needs of the Dependent Territories are

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first call on the development programme. Can you tell us how many of the Dependent Territories would qualify for UK bilateral aid were they not Dependent Territories? Secondly, how is this priority consistent with the White Paper's re-focusing of the United Kingdom's aid on the world's poorest?

(*Rt Hon Clare Short*) On the first question, do we not provide the details of which of the Territories get any aid at the moment? Six of the 13; this is page 43 Panel 16 lists those of them that get some development assistance and it is six of the 13. I will not read them out because you can all read it for yourselves. Would you like to say anything about the criteria, Mr Manning, because what is underlying Mr Grant's question is, is there some kind of privileged access to resources that otherwise would not be available on the basis of objective need, is it not?

(*Mr Manning*) It is certainly the case that if you look at which countries in the British aid statistics which are published year get most assistance per head of population, the Dependent Territories would stick out in that list and that is natural for two reasons. One is that Dependent Territories do not get much assistance from other bilateral donors by their nature and secondly that they are very small and hence even modest amounts of assistance are quite large in amounts per head. The other feature of course is that of the six that we do assist some have reasonably high and rising levels of income certainly well above those of some independent countries; others do not. St Helena most obviously faces extremely challenging circumstances where it is very difficult to find productive employment of the kind that can lift other countries out of poverty, so it is quite a range there. If they were not Dependent Territories, then clearly we would have a different policy towards them, but they are Dependent Territories and that is what the White Paper is saying.

(*Rt Hon Clare Short*) If I could just add, of course the reasonable means is a phrase that is open to interpretation—

Chairman

46. You can say that again!

(*Rt Hon Clare Short*) — and people would have different judgments about reasonable means, but as we have said before my own view, having experienced the very regrettable inefficiency that I think is in the system in relation to Montserrat which is obviously an extreme case, but I think there are lessons within it for the administration of the Dependent Territories, is that the present systems of administration are not the most beneficial to the people who live in those places, that it creates incentives to try and get big spends of money and not necessarily care for people, and I am very pleased that the Foreign Secretary announced a review of the administration of the Dependent Territories. I know that this Committee has an interest in that and I assume that we will come back to it. Not because I want us to write off our responsibilities to the Dependent Territories, but I do not think the present arrangements serve them best; that is my own personal judgment and I think the relationship could be more

efficiently administered to the benefit of the people who live in those Dependent Territories.

Mr Grant

47. Do you think that the fact that these Dependent Territories have the first call on the development programme discriminates against the world's poorest countries or do you think there should be another method of financing these Dependent Territories' needs?

(*Rt Hon Clare Short*) This is a question I very much hope the Select Committee will take a look at. My own instinct is that it would be desirable to set a budget and then hand it over to whoever is administering there to administer it more efficiently rather than constantly think it is possible to call for my funds, which can be a substitute for running current responsibilities effectively and certainly politically. In one of the first meetings when the Government of Montserrat came to London this phrase came up when there was an extremely long shopping list of enormously expensive projects and I did point out that the budget did exist to try and assist some of the poorest people in the world and the answer was: "Our reasonable needs are the first call". So it has in real life, in real politics come on to the table as attention, being interpreted as first call means we are first at the table and we take what we need and the others wait till what comes later. Obviously we set budgets in a year to year sense, but you have seen what happened on Montserrat and some of the difficulties and I do think we could look at a better system.

48. The experience of Montserrat, can you tell us what lessons have been learned by DFID on how to respond to emergencies? I know that in the White Paper you have a panel on disasters and emergencies. Has any of the Montserrat experience been translated into the White Paper at all?

(*Rt Hon Clare Short*) I think to be fair on Montserrat we are still in the middle of handling this mounting disaster, and I have to say that the recent scientific advice is very worrying indeed. You will need to look at it; it is now whether the North is safe is the question. So it is a very difficult problem. We are looking forward to your report. We have to learn the lessons; we have to cope as well as we can with what we have on the ground and with decision making systems that have so many different actors in them it creates inefficiency that is a major part of the problem. No, I think the answer is we are trying to improve all the time. From the perspective of my Department we are all reflecting on the lessons, but we have not reached the final point of that. Your report is going to be a very important part of that. We are anxious to get things right and we know it is not good enough. I think people in the Department have all sorts of views about how we can get things right. In the meantime we have to try and be more efficient week to week.

Chairman: May we, Secretary of State, move on to the aid and trade provision and tied aid and the

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private sector and I will ask Mrs Ann Clywd to lead us on these.

Ann Clywd

49. How much interest do you think there is in development issues within the United Kingdom private sector? Have you been able to evaluate it so far?

(*Rt Hon Clare Short*) I made a speech earlier on at the Institute of Directors hosted by the Prince of Wales Business Forum. The room was absolutely packed with a spread of pretty major companies and we have had a consultation at the London Business School since then and I have found an enormously heartening new atmosphere which I think is driven, not by just a gesture either, by lots of attention to the growth of ethical consumer movements, of companies being aware that they are going to be under that kind of pressure and they want to have a reputation as a good company in their own country and also a growing sense that the growing markets of the world will be in these countries and that companies that have reputations of being good companies with which those countries want to do business will do well in business terms and that that is the way forward. We have had lots of discussions about improving our links. The Prince of Wales Business Forum, which has some very big companies in membership, has been fantastically helpful. The Crown Agents has also brought together a lot of big companies. There was a breakfast at which I spoke at the time of the Commonwealth Heads of Government. It is one of the potentially most beneficial shifts in attitude if we can work with it right and I am delighted by the attitude to the relationship with my Department. I meet with various major figures and then others feel upset that they were not included and very major companies are queuing up to discuss these questions with us. I think there is a real need for an adjustment in the debate about development. The old debate that saw any commercial interest as necessarily suspect just will not do, because of course the poorest countries in the world will not develop unless they can attract inward investment and get economic growth and get a thriving private sector and improve their capacity to trade and they are increasingly conscious of that. So there is much to do, but I am very optimistic that good progress can be made and that British business increasingly sees ethical business as being good business in the sense of good for their interest as a business, not just a charitable addition.

50. You have said, which is welcomed by many of us, that you are going to dump ATP. Is there any evidence at all that ATP has helped development in any way in the past?

(*Rt Hon Clare Short*) I think ATP, as I have said many times, if you look at the figures where the money was spent and the kind of projects on which it was spent pulls that part of the development budget that was assigned to it into countries and projects that would not otherwise have been the top priority, but many of the projects were perfectly good projects and I think people in my Department struggled to make sure that although they would not have maybe

designed the instrument that budgets that were funded under it did some good, so not everything that was ever funded is a negative. But you will see the words in the White Paper about the conditions in which we would be willing to consider mixed credits in the future. There will not be a separate budget head; it would have to be part of a country programme. It would have to be part of a poverty eradication strategy for that country, then there may be conditions in which one could use some leverage, feasibility studies to draw in the kind of investment that would be highly beneficial to the benefit of that country. If those kind of programmes are possible then we can look at them, but there is not a dedicated budget. It does not mean someone is coming from elsewhere trying to sell a project that was not part of the development interests of that country, so I think the new framework guarantees that the sort of distortions of the past will not take place.

51. Some people argue and still argue, of course, that ATP has benefited British industry. Have you had any representations from British industry on ATP?

(*Rt Hon Clare Short*) We had some, though remarkably few came across my desk. The CBI did write and a number of companies, but it was at the same time as I was having these enthusiastic meetings with large numbers of British companies and receiving a relatively small number of representations for the preservation of ATP, though as I said the CBI did make representations including those on behalf of more than themselves. I think the DTI probably received representations also, but it was not the whole of British business it was the best way forward. Did you want to refer to that?

(*Mr Manning*) I think that is very true and I think also that the situation for ATP has changed internationally because of the various so-called Helsinki disciplines which have eliminated the use of tied aid credits for certain kinds of projects that had been very attractive.

(*Rt Hon Clare Short*) The last project that we put forward for the Chinese was turned down by the OECD.

Chairman

52. Secretary of State, what worries me is the ATP always had to have the quality control and the approval of your Department before it went ahead and therefore there was also a developmental objective which your Department recognised and said that this was a good way, or a way, to spend development aid. With mixed credits, you say you might work with those if it had a poverty focus within a country programme. But surely this can easily slip into the same errors of ATP, particularly if there is competition with a German company, a Japanese company, a French company; you know those countries are notorious for attempting to subsidize exports in competition with British companies. The United States does not, of course, and disapproves of export subsidy, but those countries are competitors of ours. It seems to me that you can very well dress up a mixed credit proposal with a poverty focus, meeting your criteria, but in fact committing the

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same sins of export subsidies as ATP did. How are we going to safeguard against that?

(*Rt Hon Clare Short*) I am going to hand over to Richard Manning who has lived with this headache for many years. We have taken enormous trouble to try and put conditions in the White Paper for any consideration of the possibility of, and there is no reason no budget unlike ATP where the budget and therefore people come into the—

53. £80 million was it or £70 million?

(*Mr Manning*) Of that order.

(*Rt Hon Clare Short*) To say there is a possibility of this if when we are developing a country strategy and a poverty eradication plan it fits at the first stages and we would have complete control, we want to pursue it because we think it would be beneficial. We think we have put in conditions that mean it cannot be misused. It will be interesting to see if it is used and whether we find any beneficial such projects, but I do not want us to rule it out. President Museveni in Uganda—and you know Uganda has made wonderful progress—says rural roads are fantastically important because the poorest people need to be able to get their produce to market, their children to school and so on, though I am sure in the case of rural roads that the task is to create the capacity in the country to build its own rural roads, but there are some things of that nature that are a major part of development. Could I hand over to Richard Manning who as I have said has lived with this headache for many years?

(*Mr Manning*) I think that what is clear is that the policy as set out in the White Paper does not lend itself to the old style matching situation because these projects would have to be developed within strategies that would have been agreed with the country concerned and within the sectors we are planning to work in. I think the opportunities will be of a rather different character of the past. One of the features of the Aid & Trade Provision was that because it was only for United Kingdom content there was a tendency not only to go for certain kinds of project, but to find ways of seeking to maximise the British content of a project even if it might be more sensible to make more use of local goods and services. In the new situation it would be possible to, say, look at a water scheme in a poor but creditworthy country to say that this requires a significant input of local cost expenditure, but there may be UK goods and services of reasonably substantial order attached to that which maybe we do not have to finance 100 percent from a grant and where maybe some split financing might be appropriate. I think it is only more that kind of situation than the situation that we were very familiar with where companies would ring up and say: "The Spanish are making an offer tomorrow and what can I do?"

54. Will you get the Secretary of State for Trade and the Secretary of State for Foreign Affairs to help you to eliminate export subsidy from our competitors?

(*Rt Hon Clare Short*) We are all committed to multilateral untying. I think maybe you will want to come on to this. The real question on untying and all the OECD rules is both how we can clean up our own programme—and I think we have increasingly done that—and how we can use our influence in the

international system to get these distortions out of the performance of their countries. Our view on our remaining tied aid—I was saying it was 20 percent, but I gather it is 15 percent, leaving aside technical co-operation—is that our remaining influence should be used to get multilateral untying. The OECD is pressing that quite strongly and the DTI and the Foreign Office are in favour of multilateral untying. It would be much more efficient, it would remove a lot of the distortions and questionable motives from the international system and of course it could be potentially beneficial to British companies who would then be able to bid for contracts where they might be able to do a better job than the national companies of other countries.

55. When you say multilateral untying of aid, you are not referring to the multilateral institutions; you are referring to bilateral aid programmes of other countries and get them to untie it?

(*Rt Hon Clare Short*) Absolutely.

56. On the other hand we are of course keeping a substantial proportion of our aid tied and you propose to keep on doing that? Is that not right? How much of our aid is tied now?

(*Rt Hon Clare Short*) It is a very small proportion. Again I will hand over to Mr Manning who has been working on these issues over many years in the OECD. It is 15 percent.

(*Mr Manning*) These figures are complex and maybe it might be helpful to the Committee to set them out in a note at some stage.¹

57. Yes, we would welcome that?

(*Mr Manning*) If you include technical co-operation the figure looks quite large, but what the OECD is focusing on is financial aid, in other words not the purchase of consultancy services and the provision of experts and for that the figure has come down fairly significantly over the last few years. As a result of a number of developments the gradual untying and, under the present Government, the complete untying of the special programmes of assistance to Africa, the increasing use of local cost finance which is, by nature untied, the greater willingness to look for waivers where British equipment might be overpriced by comparison to its competitors. So for a number of reasons the proportion has fallen to the sort of figures the Secretary of State is referring to, 15 to 20 percent of our financial aid. As the White Paper makes clear, we have no plans to unilaterally untie that remaining amount because we think the much more important gain is to get real progress in the OECD on untying the various bilateral programmes, that is, multilateral untying.

58. And that will be a lever?

(*Mr Manning*) It would indeed be a lever. We are just at the start of the process. There was a meeting which Mr Stegmann was at the other day which set the process off and we will see over the next few months whether there is now a window of opportunity for some progress. I do not want to lead the Committee to

¹ See Evidence, pp. 25-26.

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believe that there will be early progress on untying all forms of bilateral aid, but I think there is a reasonable chance—and I will not put it higher than that—that some forms of bilateral aid might be untied on a multilateral basis. This will need to be accompanied by some very tough and transparent rules so that we can see that aid that is said to be untied is genuinely untied. If you talk to British companies about their extent of access to allegedly untied money from, let us say, Germany or Japan they will tell you that it is an uphill struggle and I am sure that we would want to ensure that any multinational untying was genuine and this will require quite a lot of international policing.

(*Rt Hon Clare Short*) Could I just say because a number of the NGOs have been critical of our position on this, I did review this very carefully. It is my judgment that this is the best possible way of us trying to use our influence for the largest possible gain for international development. We could get a brownie point for complete purity if we unilaterally untied our remaining small part, but then we would not be in the multilateral influence business at all and if we can get progress across the board the potential gains in terms of getting ulterior motives out of aid and development and getting everyone behind these big targets would be much greater.

Chairman: I am sure the Committee will wish you a great deal of luck in your endeavours in this respect. Mr Rowe?

Mr Rowe

59. On multilateral windows of opportunity, the other great question of course is corruption. When I was last in Delhi I spent a little time with the European Commission who were locked in a battle with a number of Indian States who are flatly refusing to allow them to nominate their own auditor, even though it is actually part of the EU's rules to do that, because they knew perfectly well that a State appointed auditor in India would deliver whatever audit they thought was most profitable to them. I just wondered whether you felt that there was serious progress being made internationally to up the quality of audit. When I was on the Public Accounts Committee we used to get visited by countries who appeared to be keen to introduce that and what advance do you feel you can make on this?

(*Rt Hon Clare Short*) I think there is a real opportunity for an advance on corruption because a number of things have come together. The Bank and the Fund did a joint paper on corruption that was agreed at the annual meeting that has just taken place in Hong Kong imposing agreed conditions right across their programmes which is potentially considerably influential. There is also a stronger commitment in African governments to move on this agenda. Was it Global Coalition for Africa?

(*Mr Manning*) Yes, indeed.

(*Rt Hon Clare Short*) They just had a meeting in Mozambique and African leaders are leading the move to reduce corruption in Africa and the other dimension is that the OECD has been pressing forward on this agenda and telling the donor countries to clean up their

act, because of course lots of the corruption originates in our countries and the OECD is recommending that all donor countries should make the offering of a bribe in a foreign country to a public official a criminal offence and cease to make bribes tax deductible. I gather that only happened in Britain, to his credit, under Chancellor Clarke only two years ago. Can you imagine writing in your tax form, 'bribe'. I suppose they found another way of describing it! So we are at a moment where there is an impulse, say within Africa, the Bank and the Fund have moved on it, the OECD is telling the developed countries to clean their own act up so it is not just a one way street of one side hectoring the other and there is no doubt the inefficiency and distortions that corruption leads to hurt the poor; it is the poor that pay the price. So everything is in place now for a big push forward with all agencies calling for everybody to improve their performance.

Chairman

60. Secretary of State, will you just confirm to the Committee that aid has never been linked to arms sales and will continue not to be linked to arms sales?

(*Rt Hon Clare Short*) I can confirm that it would be illegal to do so. Of course in the case of Pergau the finding of a British Court was that that happened and was illegal and was struck down and the Public Accounts Committee on Indonesia was very troubling. So I cannot speak to the past, but I can give an absolute undertaking that there will never be such a connection under this administration. Of course it is not a question for changing the law because it was illegal under the existing law. The question is that it happened despite its illegality.

61. The only advantage of that disgraceful Pergau thing was that actually the money did not come out of the aid budget but came out of the Contingency Reserve of the Treasury, I believe?

(*Rt Hon Clare Short*) Indeed, once it was caught out.

Dr Tonge

62. May I ask just on that particular subject, under the new contracts for arms DFID is going to have some influence, is it not, over where contracts are awarded, or licences are awarded? Have I not read or heard something about that?

(*Rt Hon Clare Short*) We have a place on the Export Credit Guarantee Committee we did not have before, but that is where export credits are given for beneficial projects. That is not.

63. I just wondered if you would have more influence?

(*Rt Hon Clare Short*) Yes, we have got something.

(*Mr Stegmann*) All requests for licences are submitted to a committee of officials in Whitehall and since the election DFID now has membership of that committee so we are consulted.

(*Rt Hon Clare Short*) So we will be able to argue that such a sale would be damaging to the development

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[Dr Tonge Cont]

interests of a country. It is early days to test our influence, but we are there.

Dr Tonge: Yes, that is a nice little move.

Ann Clywd

64. Following that, can we be sure then that our ethical foreign policy will be reflected by the attitude of your Department on that particular Committee, specifically as there are 44 licences still outstanding for Indonesia and there are some suspicions that those licences, if granted, are not exactly in line with the statements made on ethical foreign policy and on human rights and the export of arms to countries that might use them for internal repression or external aggression. I hope that your Department, at any rate, will bear that in mind on that Committee.

(*Rt Hon Clare Short*) The proper consideration that we bring to the table is the development effect and these are developing countries spending large sums on armaments that could be going into development for people. I can assure you that that is our legitimate area of influence and that we will take that very seriously. There has been international movement through the OECD to try and get improvements on this and we will do all that we can in that sphere, but that is the sphere we are responsible for.

Dr Tonge

65. A totally different—well almost different subject. Why is it necessary, can you explain to us, to introduce private capital into the CDC and with the new CDC how are you going to make sure it acts within the policy directives of DFID?

(*Rt Hon Clare Short*) It is not necessary at all to introduce private capital into the CDC. This proposal comes from my review since the election on the CDC and how we can make it more effective. At the moment, because it is wholly Government owned, it is not allowed to borrow from the private sector within Britain; it can off-shore—that is right, is it not?—and there are some borrowing in order to invest into developing countries that can be raised outside Britain. What we want to do, and if you talk to the Ugandas of this world what they want above all, is to attract inward investment that will bring the development in big infrastructure projects and so on that they need to really get the levels of economic growth that will reduce poverty. The CDC is a potentially enormously important bridge of private investment into the poorest countries, so what the proposal is that 51 percent of it will be sold and we hope that lots of ethical pension funds and organisations interested in development will come into it and exert their influence within it which will enable CDC to raise private sector funding and increase its investment into developing countries. The way that we will make sure that it does not become driven by profit or private sector considerations is that we will have a very considerable stake and a golden share that absolutely secures and requires that it remains, that we list the countries in which it should work and the kind of developments in which it should seek to get investment. So what we are seeking to do is to strengthen its capacity to draw more investment

in, but from a development consideration, into some of the neediest countries. The CDC is enthusiastic about this; it is not a privatisation. It was spun as that; a golden share and such a considerable stake just simply is not and it is not simply going to be subjected to market forces. CDC does not want to be privatised, but it does want to enlarge its capacity to bring in investment for us and we hope then to bridge in an interest in the private sector in following on behind successful CDC type investment. So that is the proposal and we think it will be beneficial. Again it has drawn a lot of support within Commonwealth countries. We are also talking with the CDC about strengthening its commitment on ethical investment standards and it itself is working on that, including core labour standards and so on. So I am absolutely confident the golden share and the considerable Government stake and the powers we will have will ensure that it remains a development instrument but has a capacity to increase the levels of investment. We have to bring legislation to Parliament so this will be fully scrutinised by all of you.

Chairman: Thank you, Secretary of State. May we move on to the consistencies of policies and Mr Rowe would like to ask you about this.

Mr Rowe

66. We have had a little conversation about this already, but do you feel that you are hampered by the fact that you are not a Member of either the Cabinet Committee on Defence and Overseas Policy or the Cabinet Committee on Economic Affairs?

(*Rt Hon Clare Short*) The Defence and Overseas Policy I attend regularly, but I am not formally a member, so I think I am not handicapped in terms of the decisions that have taken place at it. I think it maybe a little bit of a snub to the Department, I do not know. I mean I do not feel it personally, but there is a case for arguing that it should, as of right, as a Department be at that table. The Economic Committee I have not been to and cannot really comment, but can you make a comment, Mr Manning?

(*Mr Manning*) I think it is more for domestic economic affairs.

67. In pursuing your global environmental strategy, which I must say is very important, what liaison do you have with that department, the Department for Environment, Transport and the Regions?

(*Rt Hon Clare Short*) We have a lot of liaison, but basically there is a separation of responsibility. We are responsible for international treaties and working with partner countries on environmental programmes overseas and in developing countries and the Department of Environment, Transport and the Regions is responsible for what happens in our own country and for EU type programmes. Obviously we work together then at international conferences. So there is quite a strong relationship, but there is a clear difference of focus and a lot of collaboration.

68. You have given us a lot of optimism today. Are you optimistic for success at Kyoto after the recent

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[Continued

[Mr Rowe Cont]

announcement by the United States about its targets for the reduction of greenhouse gases?

(*Rt Hon Clare Short*) I think the Kyoto negotiations are going to be very difficult and it would be desperately bad for the world if progress is not made, so that I think a lot of energy will go into trying to make sure, to broker some agreements that produce progress. As you will know, John Prescott has been on a visit to the United States and elsewhere trying to look at how we can be as helpful as possible to ensure that progress is made. There are two ways of looking at the American statement. One is that the commitment to target is far too late, the other is that they actually committed to a target. Is the glass half full or half empty? I think it is enormously important that we all do everything we can to make sure there is progress at Kyoto, but we should not write it off because it would be a disastrous setback if there was a failure.

69. How effective is your Department's liaison with congressmen and senators who are sympathetic to your point of view, both on this and all sorts of other things? It seems to me that these are the key players in the United States from your point of view.

(*Rt Hon Clare Short*) I think we have some enormously impressive environmentalists employed in the Department who, in all the international conferences, are highly respected and very influential, but I do not think their remit extends to lobbying individual congressmen and senators, except in so far as they would be operating at international conferences where sympathetic politicians of that kind might be present. I do not think it would be considered proper for us to—

(*Mr Manning*) I think it is possibly worth adding that this is an area where I think parliament to parliament contacts can be extremely valuable and naturally complements what goes on in the official networks.

Chairman: May I ask Ms Follett to ask questions on the Highly Indebted Poor Countries initiative, often known as HIPC?

Ms Follett

70. The NGOs asked for a commitment to extending the current Highly Indebted Poor Countries initiative to provide swifter and debt relief for all low income countries with debt problems who are willing to demonstrate that they will invest the proceeds in poverty reduction, with the timetable set for reducing the debt burden of all countries to sustainable levels by the year 2000. What plans has the Government to argue for such an extension of the HIPC initiative?

(*Rt Hon Clare Short*) As you know, the Chancellor, Gordon Brown, at the Commonwealth Finance Ministers' meeting in Mauritius just a few months ago tried to launch an initiative to put more momentum behind HIPC and made a series of commitments. One was that the additional financing by HIPC through the Fund that Britain had said in the past it would put in if there was an agreement to gold sales, and I think countries like Germany had said they would only put their contribution in if there was a commitment to no gold sales, which meant the whole thing was stuck. Although we have not changed our view about the

desirability of gold sales we said we would put the money in anyway to try and get the momentum up again. There was also a commitment on export credit debt which Mr Manning will remember the detail of and I am afraid I have forgotten. We launched our Debt for Middle Income Countries out of my Department initiative and what was called the Mauritius Mandate was a commitment to try and get every highly indebted country on track by the year 2000. We are very keen to do everything in our power as a Government to speed up. We agree completely with the NGOs we must speed up the implementation of HIPC, but we cannot do this alone. I was just talking this week in the Department about the need for us to have a strategy meeting about how we can maximise our influence on the international stage. I think again it might be a question here of parliament to parliament; if one looks at the sticky countries it might be something that the parliamentarians could help to make a contribution on. The British churches have done a fabulous campaign that has reached every corner of this country. I go to meetings with community groups in some of the poorest bits of my constituency and people bring up international debt; it is very impressive. I think some of that church campaigning if it went international could help us. We are strongly committed and we have made new initiatives to try and get momentum behind HIPC and we are anxious to use our influence in every way we can, but it cannot be done without international goodwill and we all need to look again at how we can use our influence in the best possible way to maximise that. And you are right; it is an absolute barrier to this. If we do not get progress then these aspirations cannot be achieved, particularly in sub-Saharan Africa.

Chairman: Dr Tonge, would you like to ask about the International Development Act?

Dr Tonge

71. Yes. I wonder if you could explain to us in what context the White Paper is placed? I have been asked by a number of people why there was no Bill published with the White Paper and I just want to know which bits of the White Paper you see will need some sort of legislation and when that will be and whether we are going to have—I think we are now going to have a debate on the whole White Paper, but I am a little bit confused and my confusion is shared by a lot of people as to just how we progress from here? The Paper is welcomed very much by many people, but we are not quite sure of its status or how we are going to develop it.

(*Rt Hon Clare Short*) As I think the White Paper makes clear, everything the White Paper commits to can be fully implemented immediately within the existing powers of the British Government. We do not, unlike say CDC, we do not need legislation to enable us to do any of this, but clearly we have legislation that has enabled previous governments to do very different things. What we have said is that we would like to consult on the desirability of a new Act and the question is that the existing Act is quite old, it has all sorts of redundant sections, it does not give the kind of focus to poverty eradication that we would want to give if we were legislating anew. With a new Government, with a very high set of legislative commitments it could not

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[Dr Tonge Cont]

possibly be top of the list in that everything we want to do is do-able already, but it might be desirable to entrench some of these objectives as a central focus of development strategy in legislation and on that we welcome views and want to have a consultation, but it would come later rather than sooner because we have a queue of legislation that we have to get through in order to do specific things.

72. Maybe in the next session?

(*Rt Hon Clare Short*) No, we will be bidding for a CDC Bill for that because that does prevent action that would be progressive. We will be consulting. I am personally very sympathetic to new legislation but I think we should have a debate about whether it is desirable, how much priority we give to it, what it ought to contain.

Chairman

73. You are looking for something more of a consolidation Act than anything else, is that right?

(*Mr Stegmann*) It is certainly true that if you look at the present Act there are some very elderly elements of it. In fact, the present Act which is dated 1980 is in many respects little more than a very minor re-writing of an Act of 1966 and if you wish to be an historian you can go back and see quite a lot of this in colonial development and welfare Acts going back to 1940. So if you look at it as an Act for the 1990s it does not look terribly new, but the question is in what way would one amend it other than taking out redundant provisions. Do you want to tighten it up and make it more directive, in what way would one wish to take it, given that the present legislation enables us to do everything we need to do and what priority should it have?

Chairman: It does not sound like a high priority. Mr Canavan?

Mr Canavan

74. The White Paper contains a commitment to increase public awareness of the need for international development. Could you elaborate on that and could you tell us whether it would be your intention to provide additional resources from your budget for development education or would you be leaving that largely to the Department for Education and Employment and indeed the Education Departments of the Scottish Office, Welsh Office and Northern Ireland Office?

(*Rt Hon Clare Short*) You are absolutely right. I consider development education to be very important—I mean in the broadest sense; the whole of public opinion—in that I think we have gone through this era of compassion fatigue and despondency and people feeling all endeavours are corrupt and yet I think there is an increasing public awareness of the mutual dependence of the world and concern about the future for the future generations and worry that it will be an unstable and unsafe world and I think to inform that debate could strengthen our country's commitment and the commitment of any government to make progress and that that is in the genuine interest of people in the country and most particularly of children who will inherit the future that will be in difficulty if we do not

make progress on these questions. So that is the reason for the commitment. I think on how to do it, I do not think it is purely a resource question. Just saying I will spend some more money on development education may or may not be the most effective way of proceeding, so more resources we can spend if that is required in order to achieve the objective, but I want to be clear, single-minded, about how we do it best rather than just throw a few resources at it. We are setting up a Development Education Committee which George Foulkes will chair to look at existing educational institutions and structures. Geography these days is a very different subject than it was when you and I were doing geography and brings a lot of these questions into schools and into the children's curriculum. You probably have all seen it when you go into your local schools. So we want to look at where is the national curriculum, where are the spaces for this, how well is it being done, are the materials available, what is going on in the teacher training colleges, can we strengthen all of that, can we make sure it is better resourced because that of course is always the prize, to get through to all children in the country. We are, of course, also interested in general public campaigning. I have had a meeting with the Comic Relief team who have done a lot to both raise money and have a bit of fun, but with the programmes that go out also get people more informed about the nature of development that works. So we want to take this very seriously and do it in the best way possible. Resources are available to do it well, but I do not think simply saying let us find a few more resources to do a bit more of what we are already doing is good enough. And there is the commitment in the White Paper to this Development Forum. We hope to bring together all the parts of society that have an interest in development—the academics, the private sector, the NGOs, the trades unions, parliamentarians and so on—into a Forum that will annually look at what we have been doing, what the priorities are for next year and hopefully have parallel forums locally so that we get a more intelligent development discussion going on up and down the country. We want to take this very seriously because it will enlarge our capacity as a Government to make progress and have the British people understanding what we are doing and being behind it and resources are available to be spent well to achieve more. I want to look at also whether we can measure, by some form of polling and not spending a fortune on it, our progress year on year so we could set ourselves tasks and see how far public opinion is with us and do more work and see if we could improve the numbers who support our efforts. As I said, I want to share the study we have already done with you because it is not all pessimistic; there is a lot of goodwill amongst the British public.

75. Do you have anybody within your Department who specialises in public relations and also perhaps answering queries from teachers or pupils or students who may write in to the Department for information or for videos or books or whatever?

(*Rt Hon Clare Short*) Yes, we have an Information Department that does all that and we are reviewing how we can do it better.

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[Continued

Ann Clywd

76. Is it not the case that there was a Development Education Fund in the past and that was sadly slashed and that all our European Union partners have invested much more heavily in Development Education than we have in the United Kingdom?

(*Rt Hon Clare Short*) For the past I must refer to Mr Manning.

(*Mr Manning*) It is certainly true that after the change of government in 1979 what happened been, I think, a reasonably substantial Development Education programme was very significantly cut back. A number of things have been done about public awareness in later years by the previous government, but the question we are now looking at is how in the new situation we can best work with the various elements of society to see what we can do to raise awareness.

(*Rt Hon Clare Short*) I do want to look at how we can be as effective as possible, not just put an extra dollop of money. Money can follow when we have made the analysis of how we can make sure that we are more effective.

Mr Rowe

77. Are the NGOs not the great engine for this? It seems to me that in every other field where the NGOs have really set their cap at increasing understanding—RSPB to take one notable example—they have been manifestly successful. Would it not be much better to put whatever your Department can behind a co-ordinated effort by them rather than trying to do it with your own hand?

(*Rt Hon Clare Short*) I think there is no doubt that they have done an admirable job and continue to do it and they are part of the reason why there is that constituency out there that has stuck with development through the bad years and of course the Department does fund some of the work of the NGOs jointly with them. We just want to look on all fronts. A thing like making the best possible use of what is in the national curriculum and making sure the materials are as good as they can be and that teacher training is as good as it possibly can be, we ought to look at these questions because it is all part of getting a more informed debate in the country. So we want to look across the board at how we can be more effective in every possible way.

78. May I just get back to the previous point I was trying to make and that is that most of the European Union countries believe it is a matter for Government to spend on Development Education? The last time I looked at the figures, Britain was the second lowest amongst the OECD countries in expenditure on Development Education and a country like Ireland, for example, spent about 17 times as much we did in the United Kingdom.

(*Rt Hon Clare Short*) Well I hear that, but I am seriously of the view that inputs are not the only measure of effectiveness, that we also have to evaluate outputs. As I have said, it is not that there is not a

willingness to put more resources into these. I do not want to just throw some resources at it. I want us to review how we can be more effective across the board and then back all of those and we will be very open with you about the course of that review. I do not want to simply say let us throw a few more resources at what we are doing already; we want to look at how we can be as effective as possible.

79. No, but a large number of bodies in Britain have looked at the whole subject of development education over a long period of time and some of their expertise I think is very valuable in all of this. So what I am saying is I hope no more time is going to be wasted in not committing resources to development education?

(*Rt Hon Clare Short*) No, I am sorry. Of course there are people engaged in development education and do good work and of course they think an improvement in development education would be to give them some more money. I am not willing to proceed in that way. The goodwill is absolutely there to improve development education, but I want to look at everything that is done and can be done to make sure that we do it as effectively as possible and we have a capacity, if there is goodwill in Government, to improve the performance within our existing educational systems that we ought to engage with and we ought to look at how we can do it in the best possible way. So of course I honour and respect the work that Development Education is doing and has done, but I am not going to accept your invitation to simply give extra money to that demand immediately without looking at how we can be more effective.

Chairman: Secretary of State, you have spent over two and a half hours with us this afternoon, explaining to us patiently and in great detail the White Paper and we are very grateful to you. May I say that we expect to produce again a quick report on this so as to inform what we hope will be a debate on this White Paper, possibly before Christmas. But of course the issues raised in the White Paper, as I said in the beginning, will be our concern throughout this Parliament and we have recently got news that we will have the money to visit the Lakes Region of Central Africa when we will hope to concentrate on some of the issues like women's issues in terms of childbearing and the health of both the children and the women concerned, women's education, but also on the problems arising from conflict in Rwanda and Burundi and of course in debt and other issues. So we expect then to be able to explore these issues in greater depth, but we are asking for written evidence, some of which we have already received from NGOs and perhaps we might ask you in a written form to help us answer those questions in our paper which we hope to present to the House of Commons quite quickly so as to inform the debate. Thank you very much indeed and our thanks to Mr Manning and Mr Stegmann for supporting you this afternoon. It has been a most informative session. Thank you very much indeed.

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[Continued

Note from the Department for International Development

KHF PROGRAMMES AND THEIR IMPACT ON WOMEN¹

1. The major thrust of the KHF country programmes, prior to the White Paper, was to help develop market economies and pluralist democracies. They were not particularly focused on the impact of the transition on women. This is set to change under the new White Paper.

2. An exception was KHF activities in the health sector. Since 1993 programmes to support improvements in women's reproductive health have comprised an important part of KHF programmes in Russia and Kazakhstan. The strategy has been to improve the quality of services already on offer in the public sector and to encourage the introduction of new services through the voluntary sector. Our assistance has contributed to a drop in the abortion rate in Samara oblast in Russia. In Kazakhstan, where the rate of teenage pregnancies has been high, our assistance has helped introduce sex education in schools. Official statistics there now indicate some reduction in the teenage pregnancy rate. KHF support has also been provided towards the empowerment of senior women decision makers in the Russian Duma as they prepare new health legislation.

3. Elsewhere in the KHF country programmes, there are some specific examples where women have been targeted as key beneficiaries: in the Russia energy sector, for example, the Advice Centre established to provide support to the coal industry in the Rostov oblast has run an assertiveness training course for women affected by job losses. This should enable them to be more successful in finding new employment. Similarly in our Poland programme, our support to an agricultural bank and its debtor enterprises has delivered training for women in job search.

4. Following the White Paper, we will pay more attention to the impact of the transition on women and seek to help in a variety of ways, including through the KHF. Promoting the interests of women is an important element in our new emphasis on encouraging an inclusive approach to economic management in the transition countries and on empowering all individuals and groups to participate in and help shape the transition.

5. We will seek to influence those in authority in the transition countries to pay more attention to the needs of women. We will also seek to influence the policies of the key multilateral agencies working in these countries to take adequate account of the needs of women. Under the KHF, we will seek to ensure that the needs of women are appropriately addressed in all our projects and that we address the needs of women through a variety of particular KHF interventions.

6. We have already begun to build up the capacity of the KHF to implement this new strategy. In July 1997 we attended the international conference in Vienna on "Vital Voices: Women in Democracy". This enabled us to link into existing networks and to collect views on the impact of the transition on women so as to gain relevant knowledge. A DFID-funded review of the literature on poverty in the transition countries, which *inter alia* discusses the differential gender experience of poverty, has recently been completed. The findings will be presented at a workshop in the KHF in December. All of this will inform our new country strategies.

AID TYING²

The figures for all tied aid in 1995 and 1996 are as follows:

UK commitments	1995 £ million	1996 £ million
Financial aid	157.5	252.2
of which: tied	62.4	80.7
untied	95.1	171.4
Other (untied by definition)	293.7	330.5
of which: debt relief	82.7	51.8
local costs	61.2	154.0
emergency aid	149.8	124.8
Total bilateral commitments	451.2	582.7
of which: tied	62.4	80.7
untied	388.8	501.9
Percentage tied	14.0	14.0

¹ Q 30.

² QQ 56-57.

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[Continued

2. These figures follow the DAC's revised reporting basis, i.e., they exclude technical co-operation (TC). In the past, when TC was included in the statistics, the UK reported all TC as tied as it was not possible to separate out the untied element. The amount of tied aid was therefore overstated. If TC were included in the above table then the tied aid percentages for 1995 and 1996 would be 59 and 55 respectively.

3. The definitions of tied and untied aid are those used by the Development Assistance Committee of the OECD and are given in their reporting guidelines. A copy of the relevant page is attached.

4. Tying statistics for all donors are published annually in the DAC Chairman's Report. The most recent published data relate to 1994. We are in touch with the Reporting Systems Division in the OECD to find out whether provisional 1995 figures are available.

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ANNEX

Source: DAC Directives

TYING STATUS

Table DAC 7b

Tying Status of Bilateral Office Development Assistance Commitments

INTRODUCTION

238. Members have agreed that administrative costs and technical co-operation expenditure should be disregarded in assessing the percentage of aid which is tied, partially untied or untied. These items should therefore not be included in the data given in this table. The definitions to be used for reporting purposes are as follows.

239. Untied official development assistance is defined as loans or grants whose proceeds are fully and freely available to finance procurement from substantially all developing countries and from OECD countries. Funds provided to finance the recipient's local costs are also defined as untied.

240. Partially untied development assistance is defined as loans and grants which are in effect tied (see paragraph 242) to procurement of goods and services from the donor country and from a restricted number of countries which must include substantially all developing countries.

241. For a transaction to qualify as "untied" or "partially untied", the donor should have advised the recipient at the time of the aid offer, clearly and explicitly, of the countries which are eligible for procurement.

242. All other transactions are classified as tied, whether they are tied formally or through informal arrangements. The term "in effect tied" is used to cover both formal and informal arrangements governing eligible procurement sources: a transaction is defined to be in effect tied (or partially untied) if:

- it is the subject of a formal or informal understanding to that effect between the recipient and the donor country; or
- it involves practices which the Development Assistance Committee and the Participants in the Arrangement on Guidelines for Officially Supported Export Credits may determine to result in such tying or partial untying.

COMPILING TABLE DAC 7B

243. Consideration is restricted in this table to official development assistance and official aid. No distinction is made in reporting between "in effect tied" and "tied".

APPENDICES TO THE MINUTES OF EVIDENCE

TAKEN BEFORE THE INTERNATIONAL DEVELOPMENT COMMITTEE

APPENDIX 1

Memorandum from UNICEF

INTRODUCTION

In response to the White Paper, Carol Bellamy, UNICEF Executive Director, said “The UK government’s decision to redirect aid previously tied to trade concessions towards aid focused on the *eradication of poverty* could genuinely benefit children. The UK has seized the opportunity to put children centre stage by including the *UN Convention on the Rights of the Child* at the heart of the White Paper. It is evidence of both commitment to children and the leadership which the UK is capable of providing internationally. The targeting of resources to ensure that poor children have the education, health care and opportunities in order to develop their full potential is central to our work at UNICEF and we welcome the emphasis that the UK government has placed on meeting these basic needs”.

RIGHTS FRAMEWORK

UNICEF welcomes the Government’s decision to place the UN Convention on the Rights of the Child at the centre of its development policy on children. This sets an excellent example to other donor governments and sends a clear signal to all countries of the importance of children’s rights.

A RIGHTS BASED FRAMEWORK FOR DEVELOPMENT

The past 20 years have seen profound changes in international development. Most significant among these is the emergence of human rights as the foundation for development. This new relationship between human rights and development requires changes in the way we think about development as well as the way it is approached.

During the 1990s, UNICEF has been building its experience of using children’s and women’s rights as the framework for its development programmes. The UN Convention on the Rights of the Child, adopted by the UN General Assembly in 1989, is now almost universally ratified. This means that nearly all children on earth are protected by the economic, social, cultural and political rights set out in the Convention.

UNICEF welcomes the rights-based approach to development set out in the White Paper, which is in line with the framework for development set out below:

	Classical approach	Rights-based approach
Vision of development	sectoral, vertical, separate activities (e.g., immunisation), social	intersectoral, holistic (focus on the whole child from 0-18 years), physical, social, economic, civil, political, cultural
Goals/objectives	usually short-term and outcome focused, time-specific, quantifiable focus on manifestation of problems and immediate causes (e.g., distribution of iodised salt) access to quality basic services	longer-term, process and outcome-focused, less time-bound, qualitative, harder to quantify, focus on basic structural causes as well as manifestations (e.g., lobbying for a national ban on non-iodised salt) rights fulfilment and empowerment
Participation	strategy (process) may be limited to beneficiaries and planners	objective/goal + strategy all-inclusive (everyone is challenged)
Sustainability	desirable	obligatory
Equity	desirable	obligatory
Policy focus	low	high
Process	less important than outcome	as important as outcome
Context	social, apolitical	social, political, macroeconomic, policy-oriented

Brazil Case Study

Brazil ratified the Convention on the Rights of the Child in November 1990. In the same year it also approved the Statute of the Child and the Adolescent, which provides for the creation of federal, state and municipal councils for the rights of children and adolescents. The councils formulate and control the implementation of

policies for children and are made up of equal numbers of government and non-government representatives. The Statute introduced radical changes in the attitude of society—poor children, rather than being viewed only in terms of their needs, are now perceived as subjects with rights which can be demanded.

Central America

In the last decade, a slow-moving wave of peace has swept through Central America. But some countries are in ruins with health and education standards among the lowest in the Americas. Given the range of problems that face Central America, it would be easy to forget the needs of children. But this has not been the case. The ratification of the UN Convention coincided with the arrival of peace and the reorientation of government priorities in each of the countries. UNICEF has taken the opportunity to encourage each of the governments to use the Convention as a framework for design and implementation of children's services and child-centred community development through the region.

The framework has enabled UNICEF and its government partners to develop special legal codes for children and young people, and to bring together different elements of the Convention into a focused group of rules and regulations that serve children's needs.

In Costa Rica UNICEF began a community assessment process with the people of Puriscal county, an isolated farming district in southern Costa Rica. Community members led the process from the start. During what was called a "child rights audit", the people of Puriscal consulted, inspected and interviewed families. They reviewed documentation, and analysed conditions in community homes as well as the health and education services. When their findings were presented to the community everyone had the chance to pass comment and make recommendations to ensure that children's rights were better guaranteed through improved local services.

However, in placing children's rights at the centre of its overseas assistance the UK must not overlook its own implementation of the Convention. When the UK ratified the Convention in 1991 it lodged a number of reservations and declarations, those concerning immigration, child workers and young offenders being of particular concern to UNICEF.

When the body which monitors compliance of the Convention—the UN Committee on the Rights of the Child—considered the UK's initial report on implementation it stated "The Committee is concerned about the reservations made to the Convention . . . which raise concern as to their compatibility with the object and purpose of the Convention." Highlighting the reservation on immigration, the Committee noted that this appeared to be incompatible with certain key provisions of the Convention, including the principles of non-discrimination, of the best interests of the child and of family reunification and separation from parents.

UNICEF would like to see the Government reviewing its reservations to the Convention with a view to withdrawing them, particularly in light of the agreements made in this regard at the World Conference on Human Rights and incorporated in the Vienna Declaration and Programme of Action and more recently in the moves to incorporate the European Human Rights Bill into UK law.

UN Targets

"We shall measure our progress against clear, internationally accepted targets that have been agreed at the great United Nations conferences and drawn together by the development committee of the Organisation for Economics Co-operation and Development. The target is to halve the proportion of people living in extreme poverty by 2015." Rt Hon Clare Short MP [*Hansard* 5 November 1997 col. 315]

Governments that make a priority of *UN development targets* such as universal primary education and basic health care will become useful partners. Rt Hon Clare Short MP has said "We are saying: If you are serious about these targets we want to work with you." [*The Independent* 5 November 1997] The Secretary of State added that the meeting of UN targets would represent, "a fantastic and noble advance in human civilisation. If we don't make rapid progress the mounting environmental crisis will start to cause catastrophes". [*The Guardian* 5 November 1997]

The World Summit for Children 1990 adopted the World Declaration on the Survival, Protection and Development of Children and endorsed a detailed plan of action and targets to improve the quality of life for the world's children. Nations around the world developed programmes to achieve the UN goals. All countries are expected to undertake a review of progress in implementing the Declaration. The review is expected to take stock of progress made and to harness the lessons learned so as to guide future efforts to achieve the goals set for the year 2000 in a manner that is responsive to national realities.

The goals of the World Summit for children were developed within a framework of strategies for children based on extensive consultations with national governments and independent experts, drawing from a wide range of knowledge and experience in the 1980s. The Convention on the Rights of the Child was adopted by the General Assembly of the UN in 1989. The Convention is the first legally binding human rights instrument to come into force within one year of its adoption. Together, the global goals and strategies endorsed by the World Summit for Children and the realisation of the rights outlined in the Convention became an ambitious agenda

for national and international action for children, the goals being strengthened and enhanced by the rights in the Convention.

Tracking change, using indicators that are understandable by all and useful for policy makers and their allies in Government and civil society, has proven to be a powerful tool for building sustainable improvements for children. Since 1992, UNICEF's annual publication, *The Progress of Nations*, has recorded the advances and setbacks for children and women in all regions of the world. In 1995, UNICEF intensified its close collaboration with other United Nations partners, including UNESCO, UNFPA, the United Nations Statistical Office, WHO, the World Bank, the International Labour Organisation, and the Committee on the Rights of the Child, to ensure that Governments receive improved support to strengthen their capacity to monitor progress for children and women towards shared goals. Over the past years, 102 countries assisted by UNICEF have undertaken intersectoral efforts to measure progress towards specific national goals.

Some major UN Goals for Child Survival, Development and Protection—

- (a) By year 2000 reduction of infant and under-five child mortality rates by one-third.
- (b) By year 2000 reduction of the maternal mortality rate by one-half.
- (c) By year 2000 reduction of severe and moderate malnutrition among children under five years of age by one-half.

In 1995 States reported on progress towards the UN targets. The most impressive achievements:

The world has dramatically expanded immunisation services; nearly eradicated polio and guinea-worm disease; provided 1.5 billion more people with iodised salt to prevent such iodine deficiency disorders as learning disabilities and goitre; made several thousand hospitals "baby-friendly" by requiring them to encourage and facilitate breastfeeding; stayed on schedule in efforts to provide universal access to safe drinking water by decade's end; and saved a million children's lives each year by improving families' ability to treat diarrhoeal dehydration at home with oral rehydration therapy.

Children born this year will be 18 in 2015, the year marked as a target for halving poverty. It is for these children's future and the societies they will go on to help shape that UNICEF welcomes this White Paper and the commitment it includes to meeting UN targets for the eradication of poverty and access to basic health care and primary education.

20/20

As the White Paper clearly recognises, an essential element of strategies for sustainable development is universal access to basic social services—basic health care (including reproductive health), adequate nutrition, basic education, and safe drinking water and sanitation. Although there has been great progress on this front, a practical funding solution is needed to translate potential and priorities into reality. The 20/20 initiative is one such solution and is being promoted by UNICEF, the United Nations Development Programme (UNDP) and a number of other United Nations agencies.

The 20/20 initiative calls on developing country governments to allocate on average 20 per cent of their budgets to the provision of basic social services and on donor governments to allocate 20 per cent of their official development assistance to the same services. It is estimated that the full implementation of 20/20 by the year 2000 would make an additional US\$63 billion available for basic social service delivery in the 126 low and lower-middle income countries. However, the financial burden of achieving the goals would be primarily shouldered by the developing nations (90 per cent). Budget restructuring of this magnitude over a relatively short period of time may not be feasible without additional international support. Therefore, the eradication of the worst aspects of poverty will require progress towards the 0.7 per cent target as well.

Currently, UNICEF and the United Nations Development Programme (UNDP) are working with governments in 30 countries to measure how much governments are allocating to basic social services, examining what scope there is for budget restructuring in favour of basic social services and reviewing the potential to enhance the efficiency of existing resources.

It is imperative to help developing countries in increasing their allocations to these services. One possibility, is to establish compacts or partnerships between the governments and the donors, on the basis of the information gathered in the studies, to commit themselves to jointly increase their allocations to basic social services within a set time frame.

Namibia Case Study

Namibia is one of the 30 countries being studied by UNICEF. The results of the study have shown that both the Governments and donors are devoting more than 20 per cent of their resources to basic social services.

For the Government, this has been a major achievement as the expenditure priorities it inherited when the country became independent in 1990 were not conducive to the provision of basic social services for the majority

of the population. Apartheid policies had resulted in widespread relative and absolute poverty, low levels of educational attainment and low basic health indicators.

Since independence primary and secondary school enrolment is up from 87 per cent to 95 per cent, with education spending focusing on increasing access and equality within all levels of the education system. Primary health care is seen as the best means of reaching the majority of the population, with the focus on primary health rather than expensive curative health care. Namibia spends three times as much money on education and health as a proportion of GDP than the sub-Saharan average, while the ratio of military expenditure to social sector expenditure is one of the lowest in Africa. Teachers outnumber soldiers by three to one while nurses outnumber police officers by 60 per cent.

Donor financing plays a catalytic, if not vital, role in Namibian development providing 5 per cent of GNP. Donors have followed government priorities devoting the highest shares of spending on social development, health and human resource development. The donor community now allocates 30 per cent of their expenditure on basic social services.

The challenge Namibia now faces is to ensure that the funding for basic social services is being used in the most cost effective way, by reducing the large public sector wage bill and by looking at restructuring across the social sectors. Despite this, the Government has shown firm political will to improve the situation of the most deprived Namibians and offers an example of how the 20/20 initiative can be put into practice.

CONCLUSION

The White Paper presents many challenges: challenges for the UK Government, the international community, multilateral agencies and the public at large. All these challenges must be met if the targets laid out by the UN and adopted in the White Paper are to become a reality.

UNICEF believes that the focus on basic social services as outlined in the 20/20 initiative provides a valuable foundation for the aims of the White Paper. It represents a practical funding solution to make the principles of poverty focused aid and participation by governments in the developing world a real success.

UNICEF is delighted that the White Paper recognises the importance of the UN Convention on the Rights of The Child within the framework of development but would like to take this opportunity to reiterate that the UK Government's reservations to the Convention seriously undermine its application for children in the UK and as such open the Government up to accusations of hypocrisy. We would therefore welcome any efforts to lift the UK reservations on the Convention.

Placing the eradication of poverty at the centre of the White Paper along with highlighting the importance of raising awareness of development issues are moves that UNICEF applauds and is eager to work with the UK Government to achieve. Work on the goals set out in the White Paper should now start with human rights as an appropriate backdrop and framework for future strategies and programmes.

Victoria Scott

November 1997

APPENDIX 2

Memorandum from Oxfam

OXFAM'S INITIAL RESPONSE TO THE WHITE PAPER

Overview

- Oxfam very much welcomes the vision set out in the Government's White Paper on International Development and in particular its commitment to putting poverty elimination at the heart of the Government's policy towards developing countries as the overall aim to which all policies will be directed.
- We are pleased that the White Paper has adopted the Development Assistance Committee goals as a means of monitoring progress and welcome its emphasis on mobilising the necessary political will to ensure that these targets are met.
- We feel that the main challenge presented by the White Paper is the challenge of translating words into action and would like to see the development of a detailed Action Plan which explains how the policies described in the White Paper will be implemented. How, for example, will the targets be met and how will partnerships work in practice?

Section One—The Challenge of Development

- We share much of the analysis set out in section one, especially the recognition that globalisation can exacerbate inequality and must therefore be accompanied by policies which help the poor. We feel that the White Paper could have gone further in identifying such policies, and in spelling out the specific policy changes to current rules governing international trade and investment which are needed for making globalisation work in the interests of the poor.
- We agree on the central importance of promoting pro-poor economic growth, which embraces poor men and women and allows them to share in the fruits of development. Again, we would like to have seen more explanation as to what pro-poor policies will look like in practice.

Section Two—Building Partnerships

- We welcome the concept of partnership outlined in section two and in particular the emphasis on improved donor co-ordination which we believe to be essential.
- *Social spending*—The commitment to increased spending in key sectors such as basic health care, education and clean water is welcome as is the recognition that this must be accompanied by support for a wide range of related policy changes. We would be interested in knowing what plans the Government has for setting expenditure targets in these areas and relating them to the DAC development goals.
- *IMF/World Bank*—While welcoming the Government's commitment to using its position within the International Financial Institutions to promote policies which support poverty eradication and pro-poor growth, we feel the White Paper glosses over the fact that some of the policies advocated by these institutions are having the opposite effect, eg cost recovery mechanisms for basic health and education which reduce poor people's access to these services.
- *EU*—In relation to the EU, we support the aim of redirecting assistance to the poorest countries and securing the Commission's support for the DAC targets but would also emphasise the need for the British Government push for greater coherence between development co-operation and other aspects of EU policy and for better co-ordination of the EU's various aid instruments both internally, and in relation to the programmes of member states.
- *Bilateral*—In relation to future bilateral agreements, we hope that partnership with governments will not be emphasised at the expense of pursuing a genuinely participatory approach involving people's organisations. We would like to know more about how the proposed development partnerships will work in practice, and in particular how DFID intends to involve the people of these countries in assessing their governments' eligibility for a full partnership agreement, and in the planning, implementation and evaluation of future programmes. Evidence from evaluations of development success underlines the critical importance of participation and involving poor men and women in describing priority needs and designing programmes to meet them.
- *Middle income countries/countries in transition*—We welcome the continuing commitment to provide poverty-focused assistance to Middle Income Countries where there are large numbers of poor people and to provide similar assistance to countries in transition.
- *Dependent Territories*—With regard to the Dependent Territories, we are concerned that allowing them a continuing "first call" on the development programme is at odds with the overall aim of poverty elimination and improved poverty focus.
- *Aid tying*—We believe that the practice of aid tying represents poor value for money to beneficiaries in developing countries and British taxpayers alike so we support moves towards a multilateral untying of aid.
- However, we believe that the Government needs to lead by example. We welcome the Secretary of State's initiative in announcing the untying of Britain's contribution to the Special Programme for Africa and are disappointed that the White Paper rules out further unilateral action in this area. Why not, for example, untie all UK bilateral assistance to Africa?
- *ATP*—The Aid Trade Provision (ATP) has, in our view, done much to undermine the credibility of the British aid programme in recent years and its abolition is therefore most welcome. It signifies a clear break with the abuses of the past and should help to restore public confidence in the development assistance programme.
- The White Paper leaves open the possibility of a new form of mixed credit scheme being developed in the future. While there is nothing intrinsically wrong with attempting to link aid and trade in a mutually beneficial way in principle, past experience demonstrates that in practice, trade considerations have generally been given more weight than developmental criteria. While we accept that the White Paper attempts to put safeguards in place, we would like to know more about how such a scheme would work before we are convinced of its developmental value.
- *CDC*—Similarly, we feel that we need to know more about how the proposed public/private partnership suggested for the CDC will work before commenting in detail but would like to flag up

the importance of ensuring that the same standards apply to future private investment through the CDC as are applied to projects funded directly through the development assistance programme.

- *Voluntary sector*—While welcoming the Government's desire to strengthen its partnership with the voluntary sector, we would welcome an assurance that any future arrangements will continue to be based on the concept of genuine partnership, acknowledging NGOs' independence and recognising the unique contribution they can make to the development process in terms of innovation, strengthening local capacity and reaching marginalised communities.

Section Three—Consistency of Policies

- The third section of the White Paper on consistency of policies is, from our perspective, the most important. We welcome the Government's commitment to ensuring that all of its policies including environment, trade, investment and agriculture take account of its sustainable development objective.
- This section is clearly the result of extensive consultation and negotiation between DFID and other Departments and while we welcome the progress which has been made in some areas, we would have liked the White Paper to go further in others.
- *Trade*—In relation to trade, for example, we feel that the White paper emphasises the benefits of liberalisation without acknowledging that it creates losers, as well as winners.
- The commitment to working towards improved market access for developing country products, including the dismantling of tariff and non-tariff barriers, is welcome. But in practice, northern governments continue to show a marked reluctance to open up their markets in the sectors which would be most beneficial to developing countries, such as textiles and agriculture.
- The White Paper says that it will support the efforts of developing countries to reduce their own trade barriers, whereas we would argue that in certain cases, selective controls should be allowed in the short term as a means of protecting infant industries.
- The commitment to working for simplified rules of origin criteria is welcome and could bring substantial benefits. We would like to see DFID taking a lead in suggesting practical changes to the existing arrangements.
- *Agriculture*—The section on agriculture states that liberalisation will have major benefits for developing countries without acknowledging that in some countries, the livelihoods of small-holder producers could be seriously undermined as a result. This point is acknowledged in relation to reform of the CAP, but the White Paper offers no specific mechanisms for addressing the problem.
- Overall, we are disappointed that the agriculture section makes no reference to the numbers of people whose livelihoods are dependent on food production, to wider food security needs in developing countries or of the need to foster food self-sufficiency.
- *Investment*—We share the White Paper's analysis of the key potential role of private investment and of the importance of attracting more investment into least developed countries. At the same time, we feel that the White Paper does not adequately address the fact that not all FDI is inherently good. It can negatively effect balance of payments, (through transfer pricing and excessive profit repatriation), destroy the natural resource base on which the poorest communities depend most, fail to create sustainable employment and lead to exploitation of workers where regulatory frameworks are weak.
- In relation to the Multilateral Agreement on Investment, we are pleased that the Government will work for a commitment on core labour standards and seek to prevent the driving down of environmental standards. Similarly, we welcome the acknowledgement that the MAI in its current form is not designed for the economic and institutional constraints of the poorest countries. But to suggest that OECD Guidelines on Multinational Enterprises will be "closely associated" with the MAI rather than binding is not, in our view, sufficient.
- *Labour Standards*—The Government's commitment to working for world-wide observance of core labour standards is very welcome. We agree that these are fundamental human rights which must not be misused for protectionist purposes to deprive developing countries of the opportunity to benefit from their comparative advantages.
- The White Paper's support for voluntary codes of conduct, backed up by independent monitoring and verification, is welcome but we would have liked the White Paper to have gone further in underlining the need for effective action at national and international level to regulate investment and the activities of multinational companies in the interests of poverty eradication.
- Similarly we support efforts to strengthen the ILO but also believe that the need to incorporate a social cause in the WTO, based in the first instance on two of the core ILO conventions governing the right to join a trade union and the right to freedom of association, should be an explicit commitment of the UK Government.
- *Conflict*—There is much in the conflict section which we welcome including commitments to supporting the creation of a permanent International Criminal Court, working to improve the UN's

conflict prevention and peacekeeping capacity and promoting social cohesion. We would like to have seen more recognition of the impact of international economic, trade and aid policies in conflict-prone countries, with a commitment to introducing a conflict impact assessment as a means of ensuring that such policies reduce, rather than increase, the risk of conflict.

- In relation to arms control, we are disappointed that the White Paper does not include a commitment to working for an EU Code of Conduct on arms sales, particularly as the Foreign Secretary has indicated that this will be a priority for the UK Presidency of the EU.
- *Humanitarian Assistance*—While welcoming the commitment to continue generous provision of humanitarian assistance and to the upholding of international humanitarian law, we hope that incorporating emergency and humanitarian needs as the last sub-section under objective two of DFID's new Statement of Purpose does not imply a downgrading of the Department's humanitarian role.
- *Debt*—The Government's continued support for debt relief is welcome but we continue to be concerned that progress in implementing the HIPC framework is too slow and that the amount of debt relief on offers is, in some cases, insufficient to restore economic sustainability. Unless HIPC starts to deliver substantial debt relief in the near future, we fear it will lose credibility with governments in the south and campaigners in the north alike. While the Mauritius Mandate seeks to address these problems, it depends on international action which, on past record, may not be forthcoming from certain other bilateral and multilateral creditors.

Sector Four—Building Support for Development

- *Public awareness*—The last section of the White Paper on building support for development is one which we warmly welcome as we believe that greater public awareness is vital to the promotion of sustainable development. We support efforts to ensure that global issues are integrated into the normal curriculum and welcome plans for an annual development forum.
- *Aid spending*—Finally, while we accept that making specific public spending commitments is difficult before the Government's comprehensive spending review is completed, we are disappointed that the White Paper does not make a firm, timetabled commitment to reaching the UN target of 0.7 per cent GNP. The commitment to "reversing the decline" in spending is open to varying interpretation and leaves the Government open to the charge that it has failed to guarantee the necessary resources for realising the ambitious programme set out in the White Paper. We would like to have seen a firm commitment to incremental progress towards the UN target on an annual basis.

APPENDIX 3

Memorandum from the World Development Movement

A BOLD COMMITMENT TO POVERTY REDUCTION

"We shall refocus our international development efforts on the elimination of poverty and the encouragement of economic growth which benefits the poor". White Paper on International Development: 1.0).

The White Paper demonstrates an understanding on the part of the Government of the extent of the problem of global poverty and a determination and commitment to find solutions.

Much of the paper is exciting and well thought out. Meeting the bold target of halving world poverty by 2015 will require not only the commitment present in the White Paper, but also detailed economic strategies and policy prescriptions.

This briefing has focused on those areas which we think need further development if the challenge the Government has set itself is to be met. These tend to be the areas where DFID will need to ensure consistency with other departments, particularly the DTI and Treasury. As the White Paper says, this is about many aspects of Government policy not just aid.

ECONOMIC POLICY FIT TO MEET THE CHALLENGE

"In recent years many lessons have been learned about the best balance between the State and market forces" (1.14). "There is now an opportunity to create a synthesis which builds on the role of the State in facilitating economic growth and benefiting the poor" (1.6).

It is a great relief that we finally have a government capable of a pragmatic approach towards recognising the important roles that both state and market need to play in the development process.

The White Paper is only the beginning. The Secretary of State will first need to put in place a process to flesh out what such a synthesis will actually look like. Such a process will, we are sure, also include a gender analysis of economic policies. The result is likely to lead, in some cases, to some major changes in thinking about aid and development. A reassessment will be needed of Structural Adjustment Programmes, and other macro economic models developed under governments still ideologically obsessed by the free market. The Secretary of State will have to be firm not just with the World Bank and IMF but also with her own Ministry if her ideas are to be put into practice.

This area is key to the whole achievement of the aims in the White Paper. Without a new, better, and more pragmatic understanding of the economics of development the international community will continue to fail the poorest.

FOREIGN INVESTMENT

Comments on foreign investment in the White Paper are not entirely consistent with observations that there is still a role for government policy alongside the operations of the market.

Foreign investment has a significant role to play in the economic prospects of developing countries. Its benefits are maximised when governments are able to guide investment in ways consistent with their own development strategies. The quality of investment is as important as the quantity.

Yet analysis in the White Paper tends to reflect the old "blanket liberalisation" approach under which governments should do all they can to attract investment without considering what kind of investment will be most beneficial. Concern is expressed in the White Paper over the quantity of investment received by developing countries. The solution is perceived to be a better multilateral framework. "In the Organisation for Economic Co-operation and Development (OECD) we are already in the process of negotiating an improved framework through the Multilateral Agreement on Investment (MAI), based on the principles of non-discrimination against foreign investors, open investment regimes and investor protection." (3.29)

Clauses in the MAI to protect basic labour and environment standards will be proposed. But the ability of governments to have control over foreign investors is not addressed. The paper does say "we recognise that the MAI is not designed for the economic and institutional constraints of poorer developing countries. We are exploring how their needs can be taken into account". (3.30). It does not hint at how this will be pursued, or acknowledge that the agreement will in fact pose problems for all countries. The MAI is under an extremely tight schedule for signing in April 1998. The White Paper does not recognise the need for adequate consultation and public debate in the UK or with the poorer developing countries that would be most affected by the MAI.

The MAI fails to address the responsibilities of multinationals at a time when their rights are being greatly extended. The OECD Guidelines on Multinational Enterprises are promoted (3.31). These are only voluntary while the MAI is binding. A proper enforcement mechanism is needed if these guidelines are to have any impact.

COMMERCIALISATION OF AID

A difficult balance is attempted in the Paper between working with business, while at the same time avoiding "the distortion of development funds in pursuit of short-term objectives, such as the previous Government's support for the Pergau project or Westland helicopters." (2.33)

The abolition of the Aid and Trade Provision is an important step in ensuring that aid is primarily used for poverty reduction. However, mixed credits will still be allowed as part of country programmes. The arrangement will need to be monitored to ensure it is compatible with poverty reduction goals. A ceiling should at least be imposed on the amount of aid given as mixed credits.

The practice of tying aid—so that recipient government has to use it to buy British goods and services—remains. More Pergaus are ruled out but the Westland helicopters project (which was tied aid not ATP) could still happen. Figures for tied aid vary depending on the definitions used. (The OECD Development Co-operation Report 1996 shows that 54 per cent of UK bilateral aid is tied. New unpublished government figures from DFID estimate much lower figures of 15 per cent. This is partly because tied aid had started falling under the Conservative government and partly because the new figures now exclude Technical Co-operation, which used to be entirely counted as tied aid).

Whatever the figures, few actually defend tied aid. The White Paper commits the government to "pursue energetically the scope for multilateral untying of development assistance" (2.34). WDM agrees this is an important goal, and we are calling for the multilateral untying of aid to be raised as a priority for next year's G-8 Summit.

Early action to unilaterally untie aid would seem to be consistent with the Government's desire to avoid distorting development funds. The Chancellor has already set a precedent by unilaterally ending the use of export credits for arms sales in an attempt to persuade other governments to do the same under the Debt 2000

Initiative. There are ways to unilaterally unite aid without the procurement contracts going to other OECD countries.

The White Paper includes the approach of encouraging local purchases of goods and services (2.34). This could be extended to full untying of aid through initiatives such as that adopted by The Netherlands. Bidding for contracts is reserved for those countries that have agreed reciprocal untying arrangements. Such an approach would provide an effective level to encourage full multilateral untying.

DEBT

The burden of excessive debts for developing countries is recognised in the White Paper (3.60). The approach to the problem is essentially that outlined in the "Mauritius Mandate" presented by the Chancellor at the Commonwealth Finance Ministers' Meetings last September (panel 24). This does not go much further than the position of the previous government.

The Mauritius Mandate rightly calls for faster implementation of the World Bank/IMF Heavily Indebted Poor Country (HIPC) initiative. But the specific target set by the Chancellor for progress by the year 2000 actually goes no further than was planned under the initiative. The HIPC initiative is also severely restricted because it applies only to about 20 countries. There are 50 countries with unsustainable debt burdens in need of urgent assistance. The White Paper does not recognise that the initiative should be extended to all those countries in need.

A basket of small measures are proposed for bilateral debts. Some aid debts to the UK will be written off (£132 million out of a total £423 million according to Jubilee 2000) and other governments will be encouraged to follow.

It is assumed in the Paper that debt relief should be conditional on the implementation of IMF programmes. (3.61) The Structural Adjustment Programmes still promoted by the IMF have been consistently shown to damage the poorest and to fail even by their own narrow economic criteria. That the UK should continue to support them certainly runs counter to the spirit of the White Paper in earlier chapters.

INTERNATIONAL DEVELOPMENT ACT

There is to be a consultation on the possibility of a new Act governing international development. (4.6) A new Act is needed to demonstrate commitment to the changes outlined in the White Paper, particularly the focus on poverty reduction. It would send a powerful signal to the public that past abuses of aid will not be tolerated in the future, and provide the substantive backing for a programme of public education on international development.

Much of the current Act is still based on the 1929 Colonial Welfare Act. A proposed amendment to the Act was introduced as a private Members Bill in the last Parliament by Hugh Bayley MP with cross-Party support. Key provisions included: a focus on poverty reduction; prohibition of the links between aid and arms deals; and a requirement that aid meet social, environmental and human rights standards. This draft could provide a useful starting point for the framing of new legislation.

World Development Movement

18 November 1997

APPENDIX 4

Memorandum from the Intermediate Technology Development Group

This letter is in response to your invitation to submit memoranda responding to the contents of the Government's White Paper on International Development. Our submission consists of this letter summarising our case and a longer attachment with more detailed and contextual information.¹

There is much in the White Paper that IT supports and we are inspired that the Government's commitment and focus is now identical to our own—namely the eradication of poverty.

Like many other commentators, there is much we could add to help DFID build on what we regard as an inspiring commitment to focus on the eradication of poverty, and the commitment to ensure consistency of all government policy towards this end. But in our submission we would like to focus the attention of the Select

¹ Not printed.

Committee on two areas that fall within our area of competence and which our experience demonstrates are essential to reaching DFID's goals:

- the importance of small scale and informal production in the securing of livelihoods of poor and marginalised people—and not just in agriculture as implied by the White Paper; and
- the importance of improving the technological capacities of small scale producers so that they can thrive in more demanding markets, and with improvements in the range and quality of the goods and services they produce.

The White Paper correctly analyses some of the positive and negative aspects of the globalisation of the world economy. Despite the undoubted benefits that globalisation has brought to some, many of the world's poorest will necessarily continue to make their living from small scale production systems that are only weakly linked to the benefits of the global economy (at best) or are directly harmed by it (at worst). Subsistence agriculture is the obvious example of an excluded sector and the White Paper refers to the need to support small scale agricultural production (paragraph 3.6). But millions of people also make their livings in small scale production that is outside the agricultural sector: through the production and sale of tools and household utensils; through small scale mining or brick production; through the provision of transport services; and through the processing of agricultural products. The White Paper is notably silent on these wider issues of small scale production.

The clear focus on poverty requires a clear understanding of how the poor make their living. How those small scale producers outside agriculture are to secure their livelihoods through greater productivity and reduced vulnerability is ignored.

Experience in our own country and in the developing world suggests that improvements in technology is one of the key variables in increasing productivity and the quality and range of goods and services produced. Unfortunately many economist's models of development continue to relegate these changes to a "residual". However as technology is seen to play such an important part in our own lives, there is increasing recognition of the need to address technological issues directly and explicitly.

The technological trajectory of the globalised economy is excluding more and more poor people. And the pressure of the global market focuses Technological R&D on the high tech, large scale and capital intensive needs of the modern sector. The direction and pace of technological change is leaving many behind, in both North and South.

The White Paper makes reference to DFID's review of its technology R&D support (paragraph 2.42) but does not make clear what the outcomes of that process were nor how it intends to support the technological needs of those whose production is small scale and localised. Such support will be an essential component of refocusing DFID's research budget on the needs of the poor.

The DFID approach to this issue has been rather fragmented to date. Under the Technology Development and Research Fund (TDR) DFID has sponsored some valuable research, but in a rather limited number of sectors. At the time of writing, DFID is also reviewing its support to small scale technology under the Appropriate Technology Project Fund, whose administration has recently been handed over to the NGO Unit in East Kilbride.

While IT is currently the sole recipient of funds from the ATPF (and we therefore have a direct interest in its continuation) now is not the time to close this fund down. IT is by no means the only organisation working in the field of technical change and small scale production. Many other agencies, both in the public and private sector are working to secure the livelihoods of small scale producers and DFID's own Small Enterprise Department addresses many of the same issues.

More generally, IT wishes to argue that the White Paper is not sufficiently clear as to how the government intends to develop programmes of work within DFID that will address the productive needs of the millions of people who find themselves outside the globalised economy. Substantial capital investment is unlikely to reach these people, particularly those in rural areas, whether it be foreign or local capital. Technical progress will continue to address the needs of those who are already "included" in the globalised economy.

When the Development Advisory Committee of the OECD reviewed technology assessment within bilateral aid programmes in 1990, it identified major shortcomings in the approaches of almost all agencies. An opportunity now exists for DFID to operationalise its commitment to poverty centred economic growth by deliberately and publicly addressing these issues.

In summary, therefore, we believe that the White Paper does not adequately recognise the importance of small scale production (especially non-agricultural production) to millions of the world's people. If the government wishes to promote a programme of "pro-poor economic growth" greater recognition of this issue will be essential as a complement to widening the reach of the globalised economy which will, in the foreseeable future, continue to exclude a great number of the world's poor.

We are aware that work is underway on an action plan to internalise the new directions in the White Paper. We believe that it is essential that DFID creates a focal point for dealing with issues of technical change and small scale production. We believe that funding such a focus with some of the monies released by the abolition

of the Aid and Trade Provision could provide a potent indicator of commitment to the changes that the White Paper signals.

Chris Underhill

Chief Executive, ITDG

10 November 1997

APPENDIX 5

Memorandum from Results UK

We are writing to you to tell you how much we welcome the White Paper on International Development. The goal of eradicating poverty is one that we have pursued for many years in our advocacy and campaign work.

We are also writing to pose a number of questions with respect to the White Paper.

The questions we would like to raise relate to the issue of microcredit as a tool which is currently being used by many practitioners to alleviate poverty around the world. The stated aim in the White Paper is to eliminate poverty, with a target set for the year 2015, of halving poverty.

DfID is currently a member of the Microcredit Summit Council of Donor Agencies. In this position, DfID supports the Microcredit Summit goal which is to “ensure that 100 million of the world’s poorest families, especially the women of those families, have access to credit for self-employment and other financial and business services by 2005”. However, there is only minimal support for microcredit given in the White Paper, and no direct support for women to be targeted by microcredit programmes.

The only mention of microlending to poor people comes in the section on Income and Employment Opportunities where it is stated that:

“systematic policies and programmes that . . . integrate the poor themselves in the revitalisation of production are essential” (pp. 29)

and therefore

“we will support policies and projects for which poor people are the immediate and direct beneficiaries such as through:

- *the promotion of finance for private business, through providing lines of credit and expertise to institutions, including co-operatives, that offer loans to poor farmers, poor people in towns and to small businesses*
- *investing in ways of freeing women’s time for income earning activities, such as improvements in rural infrastructure” (pp. 29)*

We are delighted that DfID is now a member of the Microcredit Summit Council of Donor Agencies. However, we are concerned that no real commitment has been made, and that no measurable targets have been set in the Paper. We would like to see targets set in terms of numbers of poor people gaining access to microcredit and other financial and business services through DfID funded programmes. We would also like to ask—what contribution will DfID make to building sustainable institutions that will deliver microcredit to an increasing number of people?

The need for women to be given access to credit is also not given sufficient support in the White Paper. In the section entitled “Addressing Gender Inequalities” (pp. 31), inequality in access to productive resources and control of assets is associated with the poverty status of women. However, there is no support given to microcredit programmes which are proving to be an effective way of improving the lives of so many poor women, and their children, around the world today.

We would also like to point out that freeing women’s time (see quote above) may allow some women to participate in income-generating activities, and these women may then see improvements in their lives. However, without access to resources with which they can produce marketable goods, it is unlikely that significant changes will occur. Access to credit for such poor women is crucial if they are to enjoy their human rights to a standard of living adequate for their health and well-being, and that of their families.

One further question that we would like to ask relates to the international development targets. How is progress in eradicating poverty to be measured between now and the year 2015? We would like to see mid-term targets set relating to DfID's programmes so that progress can be effectively monitored.

Finally, we would like to express our support to the Department for International Development and their aim of eliminating poverty in the future.

11 November 1997

APPENDIX 6

Memorandum from Elizabeth Segall

Thank you for calling for responses to the White Paper.

The positive tone of the White Paper is most encouraging, and the commitments to reducing poverty, improving the status of women and children, and promoting sustainable development are certainly impressive; while the Secretary of State's demonstration at yesterday's Committee of her personal conviction of the importance of achieving the goals gives added hope of success.

However, the apparent low priority given in the White Paper to education about development issues is most disappointing, particularly as there is no indication as to *how* every child (and adult) is to learn about development issues (Section 4, paragraph 4.3), or whether this topic will be given a place in the National Curriculum after the current review procedure.

I hope, nonetheless, that this issue will be addressed in detail, and that my suggestions (sent in July, copy enclosed)¹ for using Information Technology (IT) to raise global awareness will be incorporated into educational plans for children and older students.

Elizabeth Segall

12 November 1997

APPENDIX 7

Memorandum from the School of Development Studies, University of East Anglia

We very much welcome the decision of the government to publish the first major statement of policy on international development in over 20 years. There are many aspects of the paper which we heartily endorse and we regard it as a very positive step in formulating a new approach to international development.

The focus on the elimination of poverty and the encouragement of economic growth which benefits the poor as a central objective of the United Kingdom's international development effort is most welcome. It will provide a clear yardstick against which development efforts need to be measured and should contribute to focusing policy.

We also share the view expressed in the White Paper that it is necessary to ensure consistency in the government's overall policy as it affects development efforts. Implementation of such an approach represents a major challenge for the Department for International Development, but one which must be addressed if the aim of eliminating poverty is to be achieved.

There are also a number of specific recommendations within the White Paper which we strongly endorse. The aim to reverse the decline in Official Development Assistance and to achieve the UN target of 0.7 per cent of GNP is most welcome. We also support the emphasis given to research in order to increase our understanding of what works and how to adapt to local conditions, and to development education as a means of increasing understanding of and widening support for efforts to promote international development. The proposal for a Development Policy Forum is also to be welcomed as a means of widening involvement in the formulation of the United Kingdom's development efforts.

By its very nature, the White Paper covers a very broad canvas. Considerable work will need to be done to fill in the details of the policies which are required to realise the goals set out in the White Paper. We look forward to being able to participate in the future in putting these objectives into practice.

Dr Rhys Jenkins

Dean of the School

¹ Not printed.

APPENDIX 8

Memorandum from the Independent Group on British Aid

I should like to submit this memorandum to the Select Committee on International Development with and on behalf of my colleagues in the Independent Group on British Aid.

We are making this submission in our private capacity and as an independent group, but the Committee might like to know that our professional affiliations are, respectively:

Deputy Director of the Overseas Development Institute (AH)

Professor of Economics, University of Reading (PM)

Director of Research at Intermediate Technology (AB)

Director of the ODI (SM)

50 per cent of Development Initiatives (JR)

Adrian P Hewitt

18 November 1997

The Independent Group on British Aid warmly welcomes the White Paper on International Development. Having for more than a decade put the case for an improved quality of aid and a broader development policy, the Group is happy to find much in the White Paper that is likely to achieve this objective. The abolition of the Aid and Trade Provision, the increased emphasis on non-governmental organisations and the private small business sector, the intent to concentrate aid on a smaller number of high-priority countries and, most of all, the primacy of the poverty reduction objective are measures for which the Group has been campaigning ever since the publication of *Real Aid: A Strategy for Britain* in 1982, and it is delighted to see them now translated into government policy.

We welcome the recognition that international development is about much more than just aid and are pleased that the remit of the new Department, and the Secretary of State's status within the Cabinet to represent this remit, now more closely reflects our recommendations set out in *Aid is Not Enough* (IGBA, 1984) to cover all development policies having a bearing on production, trade, investment, social development, foreign affairs and the environment affecting poor countries than any previous government or departmental arrangement in the UK.

The White Paper is of course only the beginning of a journey, in many ways a journey through hostile territory because real aid volumes in almost all countries—not only in Britain—have been shrinking during the 1990s, and are chronically under siege, in every donor country, from ministers of finance seeking a soft target for cuts. It could take only one recession to put at risk not only the promised progression towards the UN aid target of 0.7 per cent. of GNP, but more importantly the promised improvements in aid quality which make the White Paper such an exciting document. The proposals which follow are designed to help protect the aid programme against such an outcome.

As the White Paper argues (paragraph 1.16) “there is now an opportunity to create a new synthesis which builds on the role of the State in facilitating economic growth and benefiting the poor”. The instrument by which that synthesis is being created is changing rapidly—at the time of the previous White Paper on Overseas Development in 1975, 71 per cent of the bilateral aid budget consisted of capital aid, whereas the figure has now shrunk to 29 per cent, with an overwhelming 59 per cent now consisting of technical assistance—the transfer of ideas and technologies. The thrust of the aid programme, in other words, has now shifted from physical to human capital, and it is by the quality of the ideas which it manages to offer that the British aid programme will be judged. The White Paper is worryingly reticent about what those ideas are; but it need not be. To take just four examples:

- The poorest sector of the poorest continent—African agriculture—a sector of absolutely central importance to the aid effort of all donors—receives no mention apart from a half-share in Panel 5 on “food and water”, which does not discuss technology improvement but focusses on access. Without an increase in foodcrop yields—perfectly possible even with currently available modern varieties of maize, cassava and sorghum—there is little hope of poverty reduction in Africa; but this will require reforms in the extension service of most countries, including a shift towards provision by the “partnerships” between government, NGOs and private sector which the White Paper so keenly advocates.
- There is evidence that poverty, and poverty among women especially, has been greatly reduced through microfinance programmes, some of them financed by DFID, which provide credit for poor people without collateral. Much is now known about how the impact of such programmes can be optimised, in particular when they are devised in association with programmes to produce and support technical change. This is potentially an area of DFID comparative advantage.
- One key method by which the east Asian tiger economies, and progressive African economies such as Uganda and Mauritius, have managed to accelerate development without running into the

inefficiencies associated with the controlled economy is performance-based protection; tariffs, subsidies and concessional credits linked to a performance indicator such as productivity or export performance. Such performance indicators can clearly be extended to include poverty impact. How this can be done is an urgent research priority, missing from the White Paper.

- Structural adjustment programmes and associated donor conditionalities are still hotly debated. It is now clear that stabilisation and transition can be carried out by a range of techniques and instruments, of which some are enormously poverty-increasing and others not (the balance of evidence suggests that maximum reliance on exchange rate flexibility and minimum reliance on indirect tax adjustments is a good way forward). The macro-economic dimension of poverty alleviation is missing from the White Paper: it would be good to see DFID disseminating knowledge on poverty reduction at this level as well as the more conventional project and sector levels.

As has been observed many times of the World Bank on the occasion of its recent golden jubilee, the centre of gravity of development agencies worldwide is gradually shifting from the finance-provider to the knowledge-provider role. The above constitute only a small fraction of the examples of knowledge which DFID could valuably help to disseminate; the important proposition is that it should determine where its comparative advantage lies within the market for knowledge and play to that advantage.

If these ideas are indeed to be successful in reducing the proportion of people in poverty by half over the next two decades, as the White Paper intends (paragraph 1.24), then this must be demonstrated: research and evaluation activity must tell the tax-paying public what it is getting in return for its compulsory investment in the aid budget in terms of aid objectives achieved. In particular, DFID must inform the public what is happening to poverty levels, what impact DFID intervention had on poverty, and what the Department has learned from its experience with each project. The Independent Group on British Aid has been struggling to bring this situation about since 1982 (*Real Aid: A Strategy for Britain*, pages 49–54); and yet, fifteen years on, there is no project in the past or present DFID portfolio on which poverty impact has been rigorously assessed. This applies not only to the orthodox bilateral aid programme but to that increasing part of it which is disbursed through the private sector (e.g., CDC) and through NGOs. Indeed, current DFID office procedure does not require a rigorous poverty audit to be done in its evaluation reports,¹ and although current DFID office procedure must be and is being changed, there is no mention of evaluation procedures in the White Paper. If the new DFID accepts a responsibility to change this state of affairs, and to monitor the poverty impact of each major branch of its activities, it is likely that public support for aid will increase precisely because of the exercise of more open government, which in turn will give the Secretary of State more leverage in protecting a very vulnerable aid budget. It is for that reason, furthermore, than while we welcome the undertaking to monitor progress annually against the newly-set development targets, we advocate that the monitoring exercise be done by a body independent from and external to Government and the Department itself.

There remains scope for anxiety that crucial loopholes have been left in the White Paper's reforms. The most notable example is the Aid and Trade Provision which, although abolished, continues in spectral form in the shape of the possibility of deploying development assistance in association with private finance, including in the form of mixed credits (paragraph 2.35). Readers are subsequently assured that these mixed credits will be subject to "the same procedures for quality control as all other project" (ibid); but will recall that the same development tests were applied, unsuccessfully, to the old Aid-Trade Provision, and the same constraints of lack of time and information to do proper appraisal could again be cited and used to apply to future decisions on mixed credits. We must at all costs avoid the sort of situation which allowed the mainstream aid programme (not even ATP) to be used for a Pergau Dam-cum-arms deal; or which allowed the then Overseas Development Minister to mistreat not just his biggest but his proudest client by diverting aid funds into the sale of surplus Westland helicopters: "According to the Daily Telegraph (May 3, 1985) he warned the Indian government that the withdrawal of the order 'would mean the loss of £65 million of British aid over the next two years unless there was a last-minute change of mind'" (Cited in *Real Aid: Missed Opportunities*, 1986; page 24). We hope never to have to see such clumsy donor leverage again and trust that the White Paper will be our guarantee against this.

The only safe course is the termination of the use of aid as export subsidy, which in turn would reduce the capital-intensity (and could increase the poverty impact) of the aid programme.

The Group's last concern is that nothing in the White Paper seems to lead to new legislation. It would indeed be a pity if such brave sentiments and statements about securing lasting international development remained only on the page. Is not the noble cause of eliminating half the poverty in the world by 2015 worthy of a couple of hours of Parliamentary time and some modest legal draughtsmanship? Can the Overseas Aid Act of 1980 (itself just a minor redrafting of the 1966 Act, which was essentially based on the Colonial Development and Welfare Acts of the 1940s) be so robust and polyvalent that it does not require repeal and replacement to accommodate these ambitious development policies for the 21st Century?

The Independent Group on British Aid does not submit this Memorandum to the Committee in order to carp, but to praise the new development vision displayed in the White Paper. We merely wish to guard against backsliding! In its essentials our advice would be:

¹ The DFID Office Instructions (Vol 2: Bilateral Country Programme Management) specify that evaluations shall assess "what results were achieved in comparison with what had been intended; and in relation to costs". (I2:2.7). Thus there is no obligation on evaluators at present to assess poverty impact unless they choose to do so.

- to plug the loophole on the use of aid for mixed credit;
- to set explicit poverty-related targets and subject the Government's performance against them to annual critical review by outsiders;
- to develop DFID's comparative advantage among donor agencies as "knowledge provider";
- to strengthen the Department where it has fresh responsibilities (such as on trade policy);
- to optimise (drawing on the UK's considerable policy research strengths) and emphasise micro-finance programmes;
- to introduce a new, watertight, poverty-focused Overseas Aid Act.

Adrian Hewitt

Paul Mosley

Andrew Barnett

Simon Maxwell

Judith Randel

The Independent Group on British Aid

November 1997

APPENDIX 9

Memorandum from the Tear Fund

1. INTRODUCTION

Tear Fund welcomes the White Paper. In our view the magnitude of the challenge of eliminating world poverty and the risks to humankind if we fail, demand that all governments adopt far-sighted and coherent strategies towards international development. Tear Fund believes that the White Paper provides the basis for such a strategy by founding the UK's international development on sound principles, by identifying the correct issues for action and the suitable fora in which to act.

Tear Fund believes that progress towards the objectives set out in the White Paper will depend greatly on the government's will and ability to translate principles into practice in national and international policies.

Tear Fund wishes to contribute to this important task. Below we make some observations on key principles with recommendations on how they may be advanced in practice. We go on to highlight three specific policy areas which are of particular concern to us.

2. CONVERTING PRINCIPLES TO PRACTICE

Certain principles adopted by the White Paper are particularly worthy of mention in order to stress the importance of adequate action in these areas in the future.

2.1 *Incorporating internationally agreed poverty elimination targets in UK policy*

A major strength of the White Paper is to build on the enormous body of work which has been done internationally to define global targets for poverty elimination, by incorporating these targets into British policy. In so doing Tear Fund believes that the White Paper can play an important role in alerting the British public and policy world to three key facts:

- (a) adequate knowledge and agreed international targets already exist on many key issues: there are answers;
- (b) attaining the targets is feasible: there is hope;
- (c) but progress will depend on nations and populations acting soon: there is urgency.

Recommendations:

- The British Government should take all steps to advertise these facts as an important method of generating public support for its development policy.
- It should support work which offers the British public practical means of taking action in their own lives in support of the White Paper's objectives.

2.2 *The need for pro-poor growth*

Tear Fund believes that growth which further enriches the rich at the expense of the poor is both morally wrong and, ultimately, politically unsustainable. This applies within and between countries. The White Paper's advocacy of pro-poor growth challenges the common, implicit, assumption that the distribution of the benefits of growth are somehow beyond human control. It therefore challenges nations to ensure that growth works for good not ill, to reduce poverty not to promote wealth for some whatever the consequences for others.

Recommendations:

- The UK government should take all steps to encourage the international financial and development organisations to study and disseminate models of pro-poor growth.
- The government should also try to ensure that the proposed policies and decisions of the World Bank and IMF and WTO are systematically "screened" for their likely impact upon poor countries and the poorest sectors within developing countries.
- Proposals which are likely to increase the gap between rich and poor should be opposed by UK representatives on these bodies.

2.3 *The importance of good governance*

Tear Fund welcomes the White Paper's insistence on the importance of good governance. This challenges another common misconception—that honest government, including respect for human rights, is a bonus to be pursued after economic development has been achieved. Tear Fund shares the White Paper's belief that good governance is an essential component in tackling income and human poverty.

Tear Fund would like to see the White Paper lead to much greater seriousness about good governance within all government departments dealing with developing country governments and among British companies who trade with and invest in developing countries. Particular attention should be paid to the arms industry and the Foreign Office. The latter appears to have continued to grant arms export licenses to countries with poor human rights records despite the "Ethical Foreign Policy" to which the White Paper refers, raising doubts about the seriousness of this policy.

Recommendations:

- The Government should carry out a thorough review of the ways in which British Government policies and practises and British business relations with developing countries support or undermine good governance.
- The Government should produce guidelines for best practice both for Government departments and British business.
- Government policy proposals should be screened against these guidelines and those contravening them should be modified.

2.4 *The importance of policy coherence*

The White Paper correctly identifies policy coherence as vital to eliminating world poverty. Coherence is required between national policies affecting developing countries and between the different policies promoted by international organisations. It is our observation that policy incoherence can result both from weak co-ordination between policies and from competition between different interests. The latter frequently sees development interests lose to others. Obtaining policy coherence in favour of development thus requires both better mechanisms for policy co-ordination and greater commitment to put poverty elimination and sustainable development first when interests compete. In our view, the White Paper gives insufficient attention to mechanisms to improve policy co-ordination.

Recommendations:

- The Government should clarify what mechanisms it will use or establish to ensure greater policy coherence between government departments in favour of its international development goals.
- The Government should use the forthcoming UK Presidency of the EU to promote and if possible establish permanent mechanisms to ensure greater coherence of EU policies in favour of developing countries.

3. SPECIFIC POLICY CONCERNS

3.1 *Debt reduction*

The White Paper rightly raised the debt issue as a major impediment to poverty elimination and commits the Government to the Mauritius Mandate. Tear Fund believes that the gravity of the debt issue requires deeper debt relief for more countries much sooner than is currently on offer.

Recommendations:

- The Government should investigate options for increasing the pace and country coverage of existing debt-relief initiatives.
- The government should commit itself to the proposals put forward by the Jubilee 2000 Coalition, of which Tear Fund is a founder member.
- It should use the opportunity of the G7 summit in Birmingham in May 1997 to try to reach agreement on much swifter multilateral debt relief for a larger number of countries (as advocated by the Jubilee 2000 coalition).

3.2 Tied aid

Tear Fund welcomes the Government's commitment in the White Paper to abolish the Aid Trade Provision. We remain concerned, however, that continuing the policy of tying substantial British aid to the purchase of British goods and services constitutes a major internal incoherence of UK development policy as it reduces the value of our aid to the recipient countries. While Tear Fund accepts that the Government has agreed to untie aid in the context of any multilateral agreement to do so, we believe the government should be both pro-active in seeking such an agreement and should consider other options.

Recommendations:

- The Government should launch a major initiative, perhaps during its presidency of the EU and the G7, to seek a multilateral agreement to untie aid.
- It should approach two or three other countries which might be disposed to reduce the percentage of their total aid which is tied, with a proposal to reduce that percentage tri- or quadri-laterally, in progressive steps, without waiting for a multilateral agreement, and so set an important international lead.

3.3 Multilateral Agreement on Investment (MAI)

Tear Fund believes that foreign investment can be a major motor of growth. We welcome the Government's recognition that investment, like trade, should be regulated to ensure pro-poor growth. Tear Fund is concerned, however, that the steps set out in the White Paper to ensure that the proposed Multilateral Agreement on Investment (MAI) adequately protects the interests of developing countries are weak. We are particularly concerned that in the matter of investment both the MAI and the White Paper concentrate disproportionately on the responsibility of national governments and give insufficient emphasis to the responsibility of foreign investors. We note with concern that the White Paper commits the government merely to work to ensure that the OECD Guidelines on Multinational Enterprises are "closely associated" with the MAI. We believe it would constitute serious incoherence if an OECD-negotiated MAI did anything less than fully incorporate its own guidelines.

Recommendation:

- The government should work towards ensuring that OECD Guidelines on Multinational Enterprise are fully incorporated in any MAI.

APPENDIX 10**Memorandum from the Charities Aid Foundation**

The Charities Aid Foundation (CAF) welcomes the Select Committee's decision to study the recently published White Paper on International Development and thereby to focus parliamentary discussion on the subject. CAF would like to submit the following initial views to the Committee and would welcome the opportunity to provide oral evidence at the appropriate time if that would be helpful.

CAF is a major charity and financial agency providing services to both donors and charities. Our mission is simple—to increase the substance of charity, to increase the flow of funds and resources for charitable and voluntary action whether in the UK or overseas. CAF now manages over \$1 billion of donors' and charities' funds and in the last financial year we distributed about \$300 million to charities in the UK and abroad.

Since the late 1980s CAF has developed an international programme of work to complement its efforts in the UK. The mission is the same—to increase funds and resources to non-governmental organisations and the

practical philanthropic projects they undertake. We now have offices in Russia, the United States and Brussels (to co-ordinate our links with the European Commission) and representatives have been recently appointed in India and South Africa. CAF is the host body for the successful Charity Know How Fund, jointly financed by the Government and 15 foundations to provide grants for the development of the non-governmental sector in Russia and Central and Eastern Europe. Finally, we are working ever more closely with international institutions in terms of development of the non-governmental sector. For example, CAF is a partner in a consortium providing an NGO Trust Fund for the Palestine Authority, the income for which has come from the World Bank.

It is in this context that CAF has views about the White Paper on International Development which we hope will be useful to the Select Committee during its consideration of government strategy.

The White Paper states that a strand of government policy will be to put in place new ways of working with the UK private and voluntary sectors. Such a statement is welcome but it is very disappointing to see that only a couple of paragraphs are devoted to specific ways in which government can work with voluntary organisations. Much more consideration is given to the role of private business. Now it may be that government believes that most initiatives of significance will come from the private sector, and that non-government organisations are peripheral to its strategy but this approach is not compatible with the statements about partnership referred to earlier.

CAF does not believe that the voluntary sector has an intrinsic virtue over other sectors but there is much experience within NGOs both in terms of aid and development, and also in relation to creating a political, social and economic climate within which community development initiatives can flourish. For example, the White Paper refers to the need to strengthening the capacity of NGOs. CAF's experience of this sort of work in Russia may be instructive.

CAF Russia has become established as a leader in its field, providing major support for the developing NGO sector in Russia. Its achievements have been many and varied: CAF operates the largest NGO legal centre in Russia and conducts training courses for NGOs across the country, on subjects ranging from finance to fundraising to management issues. It also undertakes extensive research and has produced many publications in both Russian and English.

But in common with CAF's interests elsewhere, CAF Russia is also concerned with financial resources. It now advises western foundations and corporations working in Russia about charitable strategies and identifies suitable recipients, increasing the flow of funds coming into the country.

It is welcome that a comprehensive policy review has been published by government for the first time for many years but we equally hope that the rhetoric will be matched by action. The Government has built its policy approach around the desire to create partnerships with both private business and the non-governmental sector. It is recognised that governments cannot attempt to do everything and survive; and that real progress can only be achieved if all those with resources pool their activities and efforts.

No-one these days attempts to put forward a coherent case against partnership building but we know that if partnerships are to be both real and effective they must involve all the partners in the design of policy as well as the delivery of programmes. Voluntary organisations would not be interested in a form of partnership which simply required conformity to existing government strategy without the ability to affect and develop the way forward.

CAF fully endorses the view that the purpose of development programmes and appropriate aid packages must be the elimination of poverty. Therefore, we welcome the setting of specific targets to be achieved by 2015 and the underlying premise that all assistance must be geared towards providing a sustainable future rather than a temporary environment.

CAF is exploring a major new initiative to encourage the flow of private donor funds to projects and schemes in the developing world. Social investment mechanisms allowing projects to borrow money over a reasonable timescale and at lower rates of interest than can be offered by the normal retail banks will grow in importance in coming years. Specifically, CAF is currently working with Barclays Bank to create a social investment fund, to which donors will lend and from which projects will borrow, in Ghana.

It is essential to build a series of new financial mechanisms within developing countries which are relevant to their needs and which have come about as a result of their demands. Such mechanisms could include establishment of social investment funds as described above, the setting up of community foundations, the introduction of bodies like CAF itself which can concentrate on raising funds from within the countries concerned and provide a conduit for money from donors elsewhere.

There is reference to multilateral programmes of aid and development. CAF believes that it is essential to channel effort from the European Union and various financial institutions both to make general assistance effective and also to foster the creation of a Europe-wide Charity Know How Fund that could be applied throughout the developing world. The overall aim must be to enable communities to be empowered themselves to drive their own development in accordance with their own cultures, using their own means but not just those means alone. In this scenario, CAF sees a major role for intermediary bodies at the international level active as engines of grant making, especially to strengthen the capacity of the non-governmental sector.

It is for this reason that CAF welcomes the reference made to the role of the Know How Fund as a channel for British technical assistance for Central and Eastern Europe and Central Asia in the context of the section on support for countries in transition. CAF believes that the Charity Know How Scheme has been a pathfinder in the support of emerging NGO sectors and the contribution they can make to the alleviation of poverty. The partnership between government and charitable foundations is a very practical example of how support can be provided effectively. Therefore, CAF believes that it would be both possible and desirable to extend the scheme beyond its current geographical limitations and to create, for example, a Charity Know How Fund for Africa organised on similar lines.

Finally, reference is made in the White Paper to working with the Commonwealth. CAF organised a seminar in Edinburgh during the recent Commonwealth Heads of Government meeting to discuss social investment in developing countries referred to earlier. In particular, we highlighted the pilot work being carried out in Ghana. CAF believes that the Commonwealth provides a widely shared vision for new financial developments that will support community action and help to alleviate poverty.

Helping to create new Commonwealth national foundations in a number of countries, working with others to set up community foundations in particular places, providing support for existing foundations in Commonwealth countries or even exploring the potential of an international trust fund for the Commonwealth all add up to an agenda for action which CAF would be happy to pursue in partnership with government and other agencies.

CAF looks forward to watching the progress of the Select Committee's deliberations on the White Paper and to contributing to its oral hearings if possible.

Michael Brophy

18 November 1997

APPENDIX 11

Memorandum from the Bretton Woods Project

The Paper makes excellent general statements about the policies which should guide the British aid programme and on the intention to make multilateral institutions follow the same principles as for bilateral aid (e.g., §2.1, §2.8). The Paper urges multilateral institutions to become more poverty-focused in their policies and every day decision-making (e.g., §2.8, §2.12), as well as improving and harmonising their evaluation systems (§2.13). The Bretton Woods Project welcomes these statements but urges the government to set out in more details its policies towards the multilateral institutions, the lynchpins of the international aid system, and the means by which UK support for them will be evaluated.

1. TARGETING SUPPORT FOR PRIVATE SECTOR PROJECTS

The White Paper announces positive moves on the use of bilateral aid for private sector projects, closing the Aid and Trade Provision and making future aid assistance to the private sector conditional on a "primary aim of helping to reduce poverty" (§2.35), and compatibility with the same country strategies and quality control procedures as all other aid projects. The Paper also states that the UK Government will "work to ensure that multilateral development projects make full use of the skills of UK business" (§2.36) and states that the UK Government is discussing with the World Bank Group how best to expand guarantee cover in developing countries (§3.33). It does not state that the principles outlined above for bilateral aid must be adopted for the Bank's private sector operations or whether the Government believes that the private companies tendering for aid-funded projects should meet ethical criteria as endorsed in §2.38 or the labour standards criteria outlined in §3.37. The Bretton Woods Project, which has been engaged in substantive dialogue with World Bank Group private sector specialists, believes the Bank Group must raise its project selection and evaluation standards, harmonise upwards the quality control standards which apply to its public and private sector operations, and include ethical clauses in its procurement and bidding procedures (see Appendix 2). A review which has just been launched by the International Finance Corporation (partly due to the actions of the UK Executive Director to the World Bank Group) provides an excellent opportunity to clarify these matters, and the UK government should engage clearly and effectively in this discussion.

2. CHANGING CONDITIONALITY AND DONOR CO-ORDINATION

NGOs welcome the Paper's statements (§2.19-2.20) that current donor-recipient relationships are problematic and that negotiating separate programmes with each bilateral and multilateral donor agency places an unnecessary burden on developing country governments. The concept of "partnerships" based on the international development targets appears positive, but the Paper does not adequately spell out how donor co-ordination will be improved so that developing country governments feel greater "ownership" of reforms. It

is particularly important to clarify what criteria the UK will use to determine “the appropriate agency in each particular country or sector” which should lead donor discussions. It is likely that the World Bank and International Monetary Fund will argue that they are the right agencies (as they currently dominate the establishment and monitoring of aid targets) and the UK will have to argue strongly in those institutions if it wants to change the current arrangements. This tension is clear from §2.9 of the Paper where multilaterals are praised for the “influence they can exercise over the policies of partner governments”.

3. BROADENING CONSULTATION WITH CIVIL SOCIETY GROUPS

The Bretton Woods Project, with many other groups, has been trying to open up the World Bank’s macroeconomic policy advice and target-setting to increase input and scrutiny by civil society groups which can help ensure that development interventions are appropriate and helpful, strengthen government commitment to implement inclusive and pro-poor policies and reduce the risk that programmes will become derailed because of political opposition. We therefore welcome the Paper’s support for this agenda (§2.19). Whilst *ad hoc* consultation with civil society organisations has increased in recent years, key Bank and Fund documents (such as Policy Framework Papers and Country Assistance Strategies) are still produced without proper consultation. The UK representative at the Bank and Fund should press for more systematic consultation and transparency procedures.

4. ENHANCING UK ARRANGEMENTS TO MONITOR MULTILATERAL INSTITUTIONS

The Paper states that the UK can “use our influence in the multilateral system to increase international commitment to poverty eradication, and work in such a way that our multilateral and bilateral efforts complement each other” (§2.8, see also paragraphs 2.11–2.13). This useful comment falls short of a commitment to scale back contributions to agencies which do not match the aims of the UK bilateral aid programme. It also does not commit to improve the mechanisms by which UK officials monitor the multilaterals, and maximise the impact of the UK’s large shareholding. The Bretton Woods Project submitted to the White Paper team a note (Annex A) describing systems used by countries such as Switzerland and the US where NGOs and academics feed their independent analysis into the formulation of policies on multilateral aid in a structured way, setting reforms targets, proposing ways to work towards them, then monitoring success.

The Bretton Woods Project believes such arrangements are necessary to implement §4.2 on public accountability of UK aid spending. The multilateral organisations are complex and have enormous reach, so the UK should consider how resources such as NGOs and the International Development Select Committee can help guide and appraise UK input to the multilaterals and assess the impact of multilaterals’ operations. This is vital because internal and external research (e.g., Wapenhans Report, World Bank, 1992 and Masters of Illusion, MacMillan, 1997) has shown that perverse institutional incentives often block real reforms.

5. IMPROVING EVALUATION MECHANISMS

The Paper states that multilateral organisations need to improve regular evaluation procedures. This is certainly the case: whilst some progress has been made by the World Bank to make evaluation more timely, independent and informative there is still resistance among some staff and borrower governments (as seen, for example, in the current discussions about the World Bank’s Inspection Panel).

The IMF needs particular work: currently it has only a limited and experimental *ad hoc* evaluation procedure and no formal mechanism to evaluate its programmes. In particular it is unable to monitor the impact of its programmes at the micro level and thus is unable to monitor the impact on poverty. As recommended by the Treasury Select Committee in its April 1997 report, an independent evaluation unit should be established which reports directly to the Board of the IMF and makes its findings publicly available.

6. QUESTIONING POLITICAL NEUTRALITY

Multilateral organisations are praised for the “influence they can exercise over the policies of partner governments”, their ability to “set standards” and for their “political neutrality and technical expertise [which] enable them to take a leadership and co-ordination role on major problems and global issues such as debt reduction, human rights and refugees, gender equality, the environment and the AIDS pandemic.”

The IFIs tend to be politically more neutral than bilateral agencies, but Devesh Kapur, professor at the Harvard School of Government and co-author of the official history of the World Bank, recently wrote that “on any foreign policy issue the US uses the World Bank”, while other analysts find that the Bank prioritises new issues such as the environment in order to raise funds and improve its public profile rather than through conviction. The British government should be cautious about accepting the neutrality and objectivity of multilaterals, for example in the climate change negotiations next month.

7. CAUTION ON IMF MOVE TO PROMOTE CAPITAL ACCOUNT LIBERALISATION

The Paper states (§3.30) that the UK Government will “support moves to make capital account liberalisation a specific purpose of the IMF and to give the Fund appropriate jurisdiction over capital movements”. At the 1997 Annual Meetings of the World Bank and IMF the Group of 24 developing countries opposed this change: “the capital account liberalisation process could put additional stress on economies that are already straining to adjust to globalisation . . . liberalisation of the capital account should not be made a condition for the use of Fund resources”. The Bretton Woods Project urges the UK Government to consider carefully, in discussion with developing country governments and independent economists, the important arguments against extending the IMF’s mandate in this way.

ANNEX A

Submission to White Paper on Improving UK Governance of the World Bank and IMF

IMPROVING UK SCRUTINY: SUMMARY

In recent years the government has taken limited steps to improve the accountability of UK policy towards the International Financial Institutions, but the UK still lags significantly behind other countries in terms of official systems for setting and monitoring objectives for multilateral aid, and for involving parliamentarians, NGOs and academics in policy formulation and evaluation.

This paper suggests measures, many of which are already in place in other countries, which would ensure that the UK maximises its effectiveness in pressing the IFIs to make real ground-level changes to improve their impact on poverty and would raise public confidence in this aspect of development spending.

OBJECTIVE SETTING

It is welcome that the government has for the last three years set out aims for the MDBs in FCO Annual Reports, but these are limited and should be expanded.¹ The reports should enable civil servants, parliamentarians, NGOs, academics and interested members of the public to see:

- how the IFIs support the government’s international development policies;
- what the UK expects the IFIs to achieve via their different tools and functions, i.e., concessional finance, near market rate loans, aid co-ordination, policy and research provision;
- how the different multilateral organisations supported by the UK ensure they co-operate effectively;
- what significant changes the IFIs are planning or have recently made;
- what problems remain to be resolved and what line the UK will take in doing so.

The previous government’s overarching operational objectives for the World Bank Group were:

“In addition to promoting Britain’s interests as a shareholder, to influence the World Bank Group in ways that will improve the efficiency and effectiveness of its support for sustainable development and poverty reduction” [Source: FCO, 1997 Annual Report].

If the Government has shareholder interests in the IFIs beyond those of poverty alleviation (for example ensuring that the UK gains a high proportion of procurement contracts, or staff appointments) these should be clearly and publicly stated so that officials and taxpayers know the purpose of UK contributions and policy interventions.

Useful recommendations² by the 1995 Fundamental Expenditure Review on how the ODA could, with interested outside parties, develop three year plans for each major multilateral institution the UK supports were not fully implemented and could usefully be revised for the current white paper.

ACCOUNTABILITY AND SCRUTINY

The House of Commons is only involved in very minimal approval of UK contributions to IFIs, and the impact of this spending is not regularly scrutinised by bodies such as the National Audit Office or Select Committees. The exception to the rule, the 1995–96 Treasury Committee inquiry into the International Monetary

¹ The Fundamental Expenditure Review (ODA, 1995) commented: “because HMG has tended to define ODA’s role rather narrowly as an aid agency, the organisation has been shy of asking the big questions, such as the role of the Bank Group in an increasingly globalised, privatised world”.

² “International Division should consult ODA geographical divisions, Treasury, Diplomatic Wing and other outside Whitehall with relevant expertise as required in preparing strategies for the three main areas of multilateral aid (EC, the development banks and funds, and the UN) for considerations every three years (one area per year). . . . This would enable decisions about discrete multilateral aid issues to be taken with a strategic policy framework that is *explicitly* shared by Ministers and senior management. Logical frameworks covering objectives for each area of multilateral aid should be prepared annually. . . . If this was agreed, guidance on the format for MSPs would need to be drawn up, including—as with CSPs—for placing a version in the public domain. This guidance should also emphasise, as for CSPs, the value of openness in the drawing up of these MSPs, within the same provisos about ultimate responsibility remaining with ODA.”

Fund, proved that MPs were interested in these issues and officials and the Chancellor readily agreed that more reports should have been provided to parliament.

Under the previous government UK officials were too quick to offer defensive arguments about World Bank rules preventing more openness rather than to look for constructive ways that the UK could develop constructive procedures such as those introduced by other countries (see Annex A). Mechanisms to consider include:

- Designation of parliamentary committees or other bodies to conduct regular inquiries.
- Posting of IFI documents in parliamentary libraries.
- Organising parliamentarian visits to MDB-funded aid projects.
- Establishing a framework for officials to obtain, consider and act on concerns presented by UK and Southern NGOs.
- Ensuring proper reporting and accountability by Executive Directors' offices, including release of Board positions
- Parliamentary resolutions to guide official interventions in IFI affairs and place conditions on providing funds to the IFIs

DFID Modalities

The mechanisms and resources for scrutinising the International Financial Institutions should be strengthened and the roles and responsibilities of different Whitehall and Washington offices should be clarified. Procedures and resources should be put in place to ensure that British Executive Directors are well-briefed and that they report back as openly as possible to London ministries and beyond that to parliament and interested non-official parties such as NGOs and academics. This should be done both in general throughout the year on request and in regular annual reports.

The UK Delegations at the IFIs should be responsible for detailed reporting back to London on normal lending programmes and should provide early warning of projects, country programmes or other initiatives which are problematic or potentially controversial. When the IFIs plan new initiatives, UKDEL should report on them to London and find out if there are DFID people involved in the same area. Versions of UKDEL's reports to London could be made available to NGOs and other interested parties on issues which concern them.

Reality Checks: the Role of NGOs

The new Government has announced it wants to distance itself from the pure "Washington consensus" neoliberal development strategy and instead promote a more poverty-focused, equitable model. The World Bank President has also announced a series of changes in this direction. As well as Board and President level interventions, however, turning round organisations such as the World Bank and IMF which have built up significant institutional momentum in one direction, will require pooling of effort by progressive governments and NGOs to monitor changes on the ground, and to ensure that momentum is built up across the donor community.

The UK Government currently has limited resources dedicated to monitoring the multilateral development banks and the UK Delegation therefore does not always receive adequate briefs on problems with World Bank projects and policies. NGOs, operating in networks across the world, are in a good position to point out issues of concern which are worthy of special scrutiny and active intervention.

NGOs are increasingly recognised by the World Bank as useful partners in development, and as intermediaries which can help channel the voices of poorer communities. Large organisations such as the Bank are inflexible and have difficulty ensuring that their projects and economic advice are based on the real expressed needs of poorer people. Much development literature has shown the benefits of open civil society consultation and participation, for example in improving projects' design and political sustainability. The latest recognition of the role of NGOs in project and programme assessment is the Structural Adjustment Participatory Review Initiative, where civil society organisations will work with the Bank in seven countries to examine the impact of World Bank-advised economic reform programmes.

ANNEX B

Introduction to World Bank Promotion of Privatisation and Private Sector Development: Issues and Concerns, Alex Wilks, Bretton Woods Project, February 1997

INTRODUCTION: THE WORLD BANK AND THE PRIVATE SECTOR

Many private companies are now keen to invest large amounts of money in the South for the first time since the 1980s debt crisis. The World Bank Group sees this as an opportunity to mobilise large quantities of capital for development purposes and is seeking ways to rapidly expand its work facilitating and backing private flows. It is currently taking major strategic decisions on the expansion of direct support for private companies,

guarantees for private infrastructure projects, and new areas such as brokering voluntary social and environmental standards for industry. Few of these developments are being widely debated among NGOs or academics or in the media.

For many years the Bank Group has pressed governments to enact privatisation and welcome foreign investment, arguing that this is the only way to expand production of goods and services. Current Bank Group activities range from advice to the Haitian government about power privatisation, financing and guaranteeing private power producers in Pakistan, providing political risk insurance for mining companies in Mali, and producing a major report on the role of the state. The Bank Group is not alone in considering that private capital should be sought for some infrastructure, to minimise costs to states and consumers, but is far more optimistic, perhaps naive, than most about the difficulties of negotiating and regulating deals in the public interest.

As private sector activities are assuming increasing importance in the Bank Group's work and major choices are being made about the Bank's future operations, NGOs have begun to analyse and lobby on private sector issues in the Bank. This document was originally produced to brief UK NGOs and officials prior to a meeting with Bank officials in London in November 1996, and has now been updated to inform other interested organisations.

The Bank Group's moves to further support private sector development raise fundamental questions including:

- Is the Bank Group moving into areas for which it does not have the relevant skills and set-up?
- If privatisation and increased private involvement in infrastructure provision are inevitable, can the World Bank be trusted to advise on contracts which will best help poorer people and the environment?
- Can the World Bank objectively evaluate the impacts of its work in this area or is it too biased towards privatisation and globalisation?
- Are governments and multilateral agencies providing overgenerous guarantees to companies which base their claims for very high rates of return on the risks they are taking?
- If more aid money is to support private projects, what should be the criteria for selecting them and what other parts of the programme should be scaled back?
- What social and environmental standards and mechanisms should apply to Bank-backed private projects?

In the coming months the Bank Group's shareholder governments will be asked to make important decisions on more detailed aspects of the private sector development programme, including:

- How IFC and MIGA projects should fit into the Bank's Country Assistance Strategies.
- How social and environmental policies can be harmonised across all arms of the Bank Group.
- How to constitute a forum for affected people to complain about breaches of policy by IFC and MIGA staff.
- How to broaden the IFC's economic rate of return analysis to include more development impact indicators.
- How MIGA's capital can be replenished and on what conditions.
- How the IFC should respond to a critical independent report of the IFC-funded Pangué dam project on the Bio-Bio river, Chile.

Summary of Concerns

The World Bank Group has no clear policy on how its private sector operations aim to reduce poverty and support environmentally-sustainable development. NGOs believe the Bank's Board should give clear direction that no private projects should be supported unless they meet very high standards. Clear and transparent processes are the only way to create confidence that Bank Group private sector operations amount to more than corporate welfare, an important question at a time of reduced aid spending.

APPENDIX 12

Memorandum from Technology and Enterprise Education in Russia

DEVELOPMENT WHITE PAPER

I am writing on behalf of *Technology and Enterprise Education in Russia*. This is an Anglo-Russian programme aimed at renewing the content and methods of Technology education in Russian schools. Requested by the Ministry of General and Professional Education of The Russian Federation, it involves pilot programmes in four regions (St. Petersburg, Novgorod, Nizhny Novgorod and Kaliningrad) with support from the regional

administrations, 10 universities in Russia, the Russian Academy of Education, The Russian Association of Deans of Faculties of Technology and Enterprise from all over Russia, and representatives of OFSTED. The British Council, QCA and five universities in this country.

Over the last 18 months we have collaborated with our Russian partners in establishing the pilot projects and in developing teaching materials in Russian. We have also given 16 residential courses in seven Russian cities. Altogether over 400 people are involved. We also organised a visit of 30 Russian educators to this country in June 1997, which enabled them to study how we teach Design and Technology in our schools and universities. The comments which follow are based on these experiences.

1. We welcome the broad thrust of the White Paper, especially in the way it sees the necessity of involving the poor in change, and of women's participation.

2. Essential to development is empowering ordinary people so that they can play an active, creative role in development.

3. Panel 6, which recognises the importance of education, is especially welcome. However, the phrase "Quality—to prepare children for the life ahead" needs unpacking. Too much schooling is based on pedagogical methods in which the teacher delivers facts or skills, and the pupils are passive recipients of this teaching. The end result is not the creative, pro-active person that is an essential pre-requisite of true development. There needs to be systematic support for educational initiatives which aim at empowerment: this means initiatives in which teaching methods and curriculum content are aimed at developing creativity and pro-activity. Current educational practice in many developing countries, and especially in the transition countries of the old Soviet bloc, have exactly the opposite effect.

4. Some British resources and multilateral aid must be channelled towards developing new teaching methodologies in the transition countries. We have uncovered a huge demand for courses for teacher trainers to do just this. The map which follows shows the location of universities where we have been asked to run training courses for teacher trainers in this new (for them) approach to teaching and learning.

5. Given this need, and demand, we are disappointed by paragraph 2.27 and panel 15. Individuals are not empowered through giving them information and establishing secure rights, important though these things are. It is necessary to understand how people are currently disempowered; one major mechanism for disempowerment is both the content and methodology of much teaching in schools.

6. The principles of panel 6 need to be applied to the proposals in panel 15 if policy consistency is to be achieved.

7. In particular, the British government must commit itself to supporting educational initiatives in transition countries, in which teaching methods are reformed to develop children who are creative and pro-active. This broad aim lies at the heart of the Russian Education Law of 1992. At present, Know-How Fund priorities do not allow for this.

8. Britain is widely regarded as a world leader in education for creativity. The economic importance of developing design skills has been recognised by the Prime Minister. We are in a unique position to support such education in the transition countries.

James Pitt

Executive Director (UK)

Technology and Enterprise Education in Russia

18 November 1997

APPENDIX 13

Memorandum from World University Service (UK)

OVERALL RESPONSE

1. WUS(UK) welcomes the White Paper and the fact that, after more than 20 years, the objectives of international development have been given sufficient priority to be made a focus for policy development within the first months of the new Government.

2. We are pleased that the paper is seeking to ensure that all Government departments recognise the part that they need to play in the fight against global poverty.

3. While welcoming the commitment to reverse the decline in the development assistance budget and to start rebuilding it to UN targets of 0.7 per cent GNP, we are concerned that no date has been set for reaching

this level and, moreover, that remaining within existing financial ceilings in 1998–99 represents a real decrease in development assistance that may undermine the credibility of the White Paper initiatives. (Section 4.9)

4. WUS hopes that the Government will build on the White Paper and produce a detailed plan of implementation.

EDUCATION (2.5, PANEL 6, PANEL 13)

5. WUS welcomes the endorsement of the Jomtien World Conference on Education for All and, in particular, emphasis on access for girls as well as boys. We also endorse the point that there must be focus on quality rather than concentrating exclusively on enrolment. We agree that education systems should educate children about their rights as well as providing a functional education that will allow them to participate better in the society in which they live.

6. We think that a rights based approach to education should recognise the importance of aspirational education beyond basic education. We are concerned that there is little reference to post primary education within the White Paper and are concerned that an exclusive emphasis on education at basic level keeps the poorest countries in the thrall of foreign “experts” and disempowered to manage their own development and to speak for themselves internationally.

7. Specifically, the only mention of scholarship is in relation to Commonwealth schemes. However, WUS believes that, in a few very limited situations, there is an important case to be made for scholarships. The prime example, currently, is that of southern Sudan where a whole generation is being deprived of an education. A few protected passage scholarships are needed to ensure that there are people available to rebuild the country in the future.

HUMAN RIGHTS AND REFUGEE ISSUES

8. WUS agrees with the White Paper’s concern about the consequences for development and human rights of violent conflict. We welcome the statements on conflict prevention, strengthening the UN, preventative diplomacy, humanitarian assistance and arms control. (Section 3.48–3.55)

9. We strongly endorse the commitment to build on the skills and talents of migrants and other members of ethnic minorities in the UK, but hope that this will be seen as a way of contributing to the UK itself and the wider development picture as well as to promoting the development of their countries of origin (panel 23).

10. We regret that the White Paper does not contain an unequivocal statement of support for refugees and a recognition of the need at least to modify current asylum practices which are sending many refugees back to imprisonment or death in their countries of origin.

11. We agree with many parts of the analysis of migration and its implications for development. The question of return of refugees when their country of origin returns to peace is one which is not addressed in this paper. While WUS considers forced repatriation to be wholly counterproductive, support to individuals through appropriate training and support packages can be helpful both to individual refugees and to the country to which they return.

PARTNERSHIPS WITH SOUTHERN GOVERNMENTS (2.19–2.30)

13. WUS welcomes the White Paper’s commitment to building partnerships with southern governments which are themselves committed to the aim of eliminating poverty, pursuing sound economic practices and respect for human rights. However, we think that the role of civil society in the south is not fully reflected in the White Paper and hope that, in implementing the policies, this will be further developed.

14. While the conditionality of aid is doubtless a way of influencing southern governments to adapt their policies, WUS believes that real change will only come from pressure within each individual country from its own citizens. We hope that, in exerting external pressure, the British Government will consider very carefully the different elements within civil society and the ways in which external influence can complement what is already being done internally.

15. WUS, like many other northern NGOs has experience of working in partnership with southern NGOs that are working to promote human rights and to improve the educational opportunity of the poorest within their own societies. We welcome the White Paper’s commitment to consultation with the voluntary sector in the development of the Government’s country strategies as a way of developing strategies which incorporate ideas from civil society in the south and not only from governments.

PARTNERSHIP WITH UK VOLUNTARY ORGANISATIONS (2.40–2.41)

16. WUS welcomes the Government’s hope of working in alliance with the voluntary sector to win public support for sustainable development. WUS(UK)’s members are already convinced that the rights of refugees and other marginalised groups to a good education must be realised as part of poverty alleviation if a just and peaceful world is to emerge. We will continue to work to spread this vision.

17. WUS welcomes the continuation of the Joint Funding Scheme. We agree that the strengthening of southern NGOs should be a priority of the scheme. However, we are surprised that the paper thinks that this would be a reorientation: strengthening the capacity of our southern partners is an element of all WUS programmes and the overt aim of many (as is the case with many other northern voluntary organisations). We think it important that sufficient flexibility is left within the scheme to allow NGOs to experiment. The overall aim of poverty alleviation is one which we share, but there needs to be flexibility in interpretation of policies if the voluntary sector is not to become a mere contractor for the British Government. The voluntary sector has long experience of working in partnership with southern NGOs and of experimenting with them to implement new ideas (indeed until recently strengthening organisations was such an experimental area). Sometimes mistakes are made, but at other times small scale initiatives lead to developments that can be replicated at other levels by governmental and international agencies.

CONCLUSION

18. WUS values many elements of the White Paper and, especially, the poverty focus, commitment to policy consistency, commitment to public awareness raising and recognition of the importance of human rights including the rights of women and girls.

19. We hope that policy consistency will extend to cover the rights of refugees who seek asylum in Britain.

20. We hope that the focus on poverty alleviation will not be so narrow that it cannot incorporate aspirational education beyond basic level that can help whole societies to develop.

21. We would have liked to see a fuller understanding of the role of the southern and northern voluntary sectors within civil society in working towards the overall objective of poverty alleviation. We hope that, in the implementation of the policies, true co-operation will prove possible.

17 November 1997

APPENDIX 14

Memorandum from Christian Aid

Christian Aid welcomes the broad outline of the new White Paper on International Development, particularly the Government's commitments to:

- focus all of DFID's efforts on tackling poverty;
- build coherence across all areas of government policy;
- forge new alliances among governments, the private sector and civil society organisations in order to meet the challenges.

However, in Christian Aid's view, there are some areas in which the thinking in the White Paper needs to be developed further. These areas are: setting and meeting targets; partnership; globalisation; and food security. Although we have further comments on other aspects of the White Paper, we shall focus on these four broad areas in this submission.

1. SETTING AND MEETING TARGETS

The White Paper is appropriately ambitious in its targets. While the world is wealthier than it has ever been, it is also more sharply unequal. Over the last 30 years, the gap between the richest fifth of the world and the poorest fifth has more than doubled. Christian Aid welcomes the Government's commitment to the OECD DAC targets. Its adoption of the targets is in itself a major contribution towards the creation of the political will to eradicate absolute poverty. Putting poverty reduction at the heart of Britain's development effort will deliver a better focus and will help to reduce the contamination of development efforts by commercial interests.

Britain, like any individual country, can make only a modest contribution to the achievement of the DAC targets. Global progress towards the DAC targets can be measured, but it will not be possible to attribute this progress to the efforts of individual donor countries. In addition, the DAC targets, however appropriate they are at the global level, give little guidance to the work of individual countries. Translating the ideas of the White Paper into a dynamic, creative development programme is the outstanding challenge. Christian Aid would like to suggest three ways in which the White Paper should now be operationalised: by setting interim targets, by setting targets for the British development effort, and by increasing accountability. We also make suggestions as to how the targets might be met.

Setting interim targets

The year 2015 was chosen for the achievement of most of the DAC targets. For such ambitious targets, a long time-frame is appropriate. Targets have two important roles: they serve to mobilise action and they can be used to measure progress. To increase the likelihood of fulfilling these roles, it would be good to develop interim targets, say for 2005 and 2010. We would like to see Britain advocating for internationally agreed interim targets.

Setting targets for the British development effort

The international targets give an overall direction to the international development effort, but give little guidance to the actual policies and activities of individual countries like Britain. Therefore, there is a need to set targets that are within Britain's control and against which our own programme can be assessed. Targets for the British programme can be set at various levels.

The first level that should be considered is that of *inputs*. At this level, the Government has already indicated its commitment to the United Nations target of 0.7 per cent of GNP for official aid. Christian Aid urges the Government to attach a timetable to the achievement of this target, for example by committing itself to meet the current EU average for official aid of 0.37 per cent of GNP by the end of its first term. This would require an additional £800 million per annum. An input target may also be considered for aid expenditure on basic social services. Christian Aid supports the 20:20 compact, which commits donors and developing country governments alike to spending 20 per cent of their budgets on basic social services such as health, education, water and sanitation. We would like to see DFID adopt a target in this area. Another desirable input target relates to the balance between bilateral and multilateral commitments. Here, Christian Aid recommends that the Government should at least maintain the bilateral aid budget at the 1996–97 level in real terms. Finally, input targets are needed to guide the geographical spread of the bilateral aid programme. To ensure further concentration, which is necessary to reach a maximum impact with limited resources, Christian Aid proposes that no less than 75 per cent of the bilateral aid budget should be spent in 20 low income countries in South Asia and Sub-Saharan Africa.

For the activities which DFID will implement with partners, *output* targets will have to be specified. These will guide specific interventions, both in Britain and abroad. One example of an area where output targets are needed is that of development education. Christian Aid welcomes the White Paper's commitment to enhancing public awareness of development issues and is keen to participate in this endeavour. Clear targets should be set for what needs to be achieved by development education. These could be based around the number of people reached, production of development education materials, changes in the curriculum and increases in awareness levels.

Another area where the establishment of output targets is useful is debt relief. Christian Aid would like to see a commitment to extending the current Highly Indebted Poor Countries Initiative (HIPC) to provide swifter and deeper debt relief for all heavily indebted low income countries willing to demonstrate that they will invest the proceeds in poverty reduction, with a timetable set for reducing the debt burden of all such countries to sustainable levels by the year 2000.

Finally, *outcome* targets should be agreed upon with each country with which Britain enters into a partnership. These targets will be more closely linked to the international targets, but made specific to the situation of the individual country. The establishment of monitoring and evaluation mechanisms to assess progress towards these targets should receive prime attention.

In setting targets, the NGO community can play an important role. Christian Aid welcomes the White Paper promise of greater involvement of NGOs and civil society in the preparation of Country Strategy Papers.

Increasing accountability

Christian Aid welcomes the DFID commitment to publish an annual report and to organise an annual development forum. These measures will increase the Department's accountability. Christian Aid would also like to argue for greater openness and access to evaluations. PIMS should be enhanced to take account of the new policy direction of the Department.

Meeting the targets

Although the White Paper specifically mentions the term "sustainable livelihoods", the details of a strategy for "pro-poor economic growth" still remain to be worked out. Christian Aid believes that the attainment of the DAC targets depends on our ability to equip the poor with widely distributed economic opportunities. This can be done through micro-economic empowerment delivering jobs, incomes and sustainable livelihoods. The provision of micro-credit is a specifically useful strategy in this respect.

2. PARTNERSHIP

Christian Aid welcomes the recognition in the White Paper of the importance of partnership in achieving the development targets. The UK government, and indeed all donor governments, cannot solve the problems of the developing world without the active participation of developing country governments and civil society.

Christian Aid sees three important ways in which NGOs can support DFID in pursuing the targets of the White Paper:

- NGOs play an important role in poverty reduction, by implementing projects, by building capacity and promoting civil society in developing countries, by using participatory development methodologies and fostering locally-owned development strategies and by increasing involvement in empowerment and advocacy.
- NGOs, the state and civil society play complementary roles, where the role of NGOs lies in assisting people beyond the reach of the state, focusing on marginalised or excluded people and fostering local organisations.
- NGOs have a role in promoting development co-operation, through building public awareness, providing leadership, and promoting coherence and advocacy in North and South.

Although the White Paper mentions a desire to “find new ways to work with the private voluntary sector” and mentions partnerships with NGOs and civil society at several junctures there is a concern that it remains rather statist and “top-down” in its thinking. Christian Aid would like to see the scope of partnership—particularly with Southern governments and with non-governmental organisations—redefined. In the light of the above, there is a need for the UK government to work with non-governmental organisations in all cases, not just where it cannot work directly with repressive governments.

3. GLOBALISATION

Christian Aid welcomes the White Paper’s recognition of the growing integration of global markets and the power of transnational corporations, and the potential impacts of these trends on social and environmental conditions in developing countries. The section outlining the need for standards—for labour rights, the environment, health and business conduct—is particularly welcome.

Christian Aid has seen, however, how the rewards of globalisation and the opening of markets are very unequally distributed. There should be more recognition in the White Paper that globalisation produces winners and losers. So, although the last 50 years has seen an explosion in the volume and intensity of international trade and investment, the poorest countries are increasingly being marginalised from the trading system. Least Developed Countries, which have 13 per cent of the world’s population, have only 0.3 per cent of world trade. Over the past 25 years their share of world trade has been cut in half. The same countries have received just 0.3 per cent of global investment in the last two decades. The miracle of the market has failed to make the curse of poverty disappear. Governments will need to take special measures and set new rules in bodies such as the World Trade Organization (WTO) in order to protect the vulnerable, safeguard the environment and ensure that economic opportunities are available to the poor.

A key route to promote such measures will be Britain’s voice in the multilateral financial institutions, such as the World Bank, the IMF and the WTO. Christian Aid would like to see a more critical assessment of the role of the IMF and the efficacy of its policy conditionality, drawing on the recommendation of the Treasury Select Committee Report on the IMF of this year. Specific attention also has to be paid to the WTO, which is currently not equipped to tackle the marginalisation of poorer countries from the trading system nor provide them with positive support. The recent GATT Uruguay Round is a case in point. The gains from this Round to industrialised countries are estimated to be around US\$160 billion a year by 2002. Nearly US\$70 billion a year will go in trade benefits to developing countries in Asia and Latin America. Africa, however, is likely to suffer losses of US\$2.6 billion a year.

4. FOOD SECURITY

The White Paper rightly includes among its targets the World Food Summit target of reducing the number of undernourished people by half by 2015. Food security for the poor is about their access to food and to the resources necessary to produce or obtain it. Christian Aid sees four ways in which the poor need access:

- Access to resources: people need the ability to buy food or access to the land, seeds and tools to grow it.
- Access to sustainable production: people need to produce their food sustainably.
- Access to the market: people should be enabled to rely more on local food production than on food from international markets.
- Access to the negotiating table: people need to participate locally, regionally and nationally in food security policy-making.

The White Paper accepts the importance of the first two of these access claims to food security, but not the third and fourth. This reflects a general tendency of the Paper to undervalue people's participation and self-reliant development.

Sustainable livelihoods are the key to people's access to food. Hunger is caused by a lack of income to buy food or a lack of land on which to grow it. In countries where the hungry are divided between city and country, twin approaches need to be followed: productive resources for small farmers; jobs and incomes for the urban poor. Helping each group also helps the other: resourcing farmers will stem the rural-urban exodus and lessen urban poverty, while increasing demand in the cities through jobs and incomes will increase the market for local food from rural areas.

Christian Aid

November 1997

APPENDIX 15

Memorandum from Christopher Brocklebank-Fowler¹

1.1 The Government deserves considerable credit for expressing, so clearly in its first months of office, its commitment towards Britain playing a leading part in International Development.

1.2 However, the White Paper does not deal with some of the vital smaller issues which, nevertheless, can have a dramatic and immediate effect on the efficacy of the broad thrust of policy. (See Section 2).

1.3 There is an urgent and paramount need for better interdepartmental co-ordination within Whitehall and with all the participants in international development in the recipient countries.

1.4 The Government should consider the establishment of an International Development Sub-Committee of the Cabinet, chaired by the Secretary of State for International Development to provide the authority to establish the structures and communications networks necessary within Whitehall and in the recipient countries to facilitate efficiency gains in a more co-ordinated development effort. (See Section 3).

1.5 The Commonwealth Development Corporation (CDC) could play a more creative role in international development if a fully, aid funded technical assistance and training unit could be established within in. (See Section 4)

1.6 British Further and Higher Education Institutions have the capacity to contribute in the short term to overcoming the debilitating shortages of management expertise in the poorest Commonwealth countries.

1.7 The Department for International Development (DFID) should undertake an urgent enquiry into how best this native expertise can contribute to international development. (See Section 5)

2. COMMENT

The Government deserves considerable credit for expressing, so clearly in its first months of office, its commitment towards Britain playing a leading part in International Development.

2.1 By appointing to the Cabinet a Secretary of State for a new Department for International Development (DFID), by establishing a separate Select Committee in the House of Commons and by publishing the first White Paper on international development for 22 years, the Government has sent a clear signal, to all her international friends, of Britain's determination to make a more serious, constructive and focused contribution towards eliminating the poverty, disease and malnutrition, which blight the lives of nearly a quarter of the world's population.

2.2 The White Paper is especially notable for containing the first serious Government assertion of Britain's unique potential to play such a leading part in achieving sustainable international development, by virtue of its membership of the Group of Seven, the European Union, the Security Council of the United Nations and the Commonwealth.

2.3 This factor deserves to be more widely recognised and should be promoted to become the source of great national inspiration, into the new century, as the Government's policies in this field help to restore Britain's national self-confidence in her ability to make a constructive and ethical difference in international affairs.

2.4 The White Paper clearly sets out the broad challenges presented by the need for sustainable development. It also emphasises the complexity of international and some of the domestic relationships, the overriding need for consistency and the importance of wide public support necessary to its achievement.

¹ Three Appendices not printed.

2.5 However, because of its extensive and wide ranging appraisal of the major issues, the White Paper understandably does not deal with some of the vital smaller issues, which nevertheless can have a dramatic and immediate effect on the efficacy of the broad thrust of policy.

2.6 I would like to draw the committee's attention to three in particular.

3. INTER-DEPARTMENTAL CO-ORDINATION

3.1 The first of these is the urgent and paramount need for better inter-departmental co-ordination.

3.2 This is not only important within Whitehall itself, but also especially so within the Foreign and Commonwealth Office's (FCO) Overseas Missions and between them and the range of potential development partners on the ground overseas. These include, the Overseas Development Divisions of DFID, the Overseas offices of the British Council, the Commonwealth Development Corporation, British Companies, public bodies, NGO's and also the offices of other Aid donors operating in all those countries in receipt of British Aid.

3.3 There is nothing more frustrating than to represent a British potential contributor to the development process, in a third world country, than to try to fight through the web of inter-departmental jealousies, smokescreens and casual disinterest, which sometimes characterise the Hydra of separate departmental interests, at precisely that point of delivery of effective aid where clearly focused co-ordination is most vital.

3.4 In order to maximise the beneficial effect of the British Contribution to International Development it is a basic essential that all the Government departments, both at home and in country overseas, have a mutual and transparent view of their respective contributions.

3.5 For this reason it is surprising that the Government has not so far established a Cabinet Sub-Committee, lead by DFID where the FCO, the Treasury, DTI, MAFF, DOE, DFEE and all the relevant Government agencies can begin to develop and supervise the structures which will be necessary to secure the absolute commitment of Whitehall to the success of the overall policy.

3.6 Without such central commitment the chances of urgently needed inter-departmental policy co-ordination on post in the recipient countries will remain unsatisfactory.

3.7 Improved inter-departmental co-ordination in recipient countries will inevitably have manpower implications for DFID. These should be faced up to and budgeted for in the certain knowledge that the quality and effectiveness of aid will certainly benefit.

3.8 In this regard DFID would do well to consider the appointment of sufficiently senior resident country officers, supported by appropriate staff, to act as the executive focus for developing partnerships between any and all British potential contributors and relevant local bodies.

3.9 In order to establish such an influential structure it is vital that the Secretary of State has her own Cabinet Sub-Committee as the source of executive authority on the ground overseas.

4. THE COMMONWEALTH DEVELOPMENT CORPORATION

4.1 Secondly, although the Government's decision to widen the opportunity for outside investment in the CDC's operations is very welcome and will undoubtedly enhance its developmental capacity it remains a fact that, apart from some investment in smaller "lenders for development", the scale of its existing operations limits it to major projects of a value above £2 million.

4.2 It has long been my view, (see *Hansard*, 7 December, 1982. Columns. 787 to 790) that the CDC could play a more creative role in the identification and preparation of smaller projects which would not only attract private local investment, but which would also play a part in developing business enterprise and managerial expertise in aid recipient countries.

4.3 The shortage of management expertise is recognised as one of the main constraints on developmental activity in the poorest countries. The lack of developmentally desirable and privately fundable small scale projects is also the result of this manpower shortage and the lack of funding and expertise for small project identification and preparation.

4.4 DFID should consider the establishment of a fully aid funded technical assistance and training unit within the CDC. This would work through its overseas offices to identify, by local research and feasibility study, small scale projects to add value to existing enterprises. The local CDC team could also source appropriate local training and give support to local entrepreneurs in bringing suitable small projects to fruition.

4.5 It is estimated that as little as £2 million per annum, from DFID by way of grant aid, ring fenced for this specific purpose, would enable the CDC to make a significant contribution to the development of entrepreneurial expertise and economic growth in the poorest countries.

5. EDUCATION

5.1 Lastly, the White Paper recognises the vital importance of education to the development process and promises at some unspecified date an education policy document to elaborate the principles set out in the White Paper.

5.2 The White Paper itself is especially clear in its commitment to primary and secondary education. Although education reforms at these levels of learning are vital and should be continued they have, nevertheless, a 15 year lead time in practice before the full benefits accrue.

5.3 The further and higher education sectors, in the poorest overseas countries, however, are equally important to development and offer a much earlier beneficial impact.

5.4 Previous Governments since 1979 have given far too low a priority to the potential for British Institutions of Further and Higher Education to contribute to the development process and in consequence to benefit culturally and financially from their engagement in this vital sphere.

5.5 The decision in 1980 to cut grant aid to overseas students has, as foreseen in the third report from the Select Committee on Foreign Affairs session 1979–80 (see Appendix 1) had a particularly adverse effect on the proportion of foreign students from the poorest Commonwealth countries.

5.6 Previous Governments have also failed to recognise that having inherited institutions of further and higher education from the British during the Colonial Period, financial and human resource constraints have prevented many of the poorest countries from revising curricula and management methods in line with advances in the United Kingdom.

5.7 Consequently many of the poorest countries and the poorer regions of intermediate countries are simply incapable of providing further and higher education appropriate to their contemporary needs for development. I give two examples from recent personal experience.

5.8 The first is Sri Lanka where a year ago I was informed that contemporary estimates of unemployed Arts graduates were of the order of 20,000. This waste of intelligent manpower represents a huge investment for a poor country Government and it is recognised there that steps should be taken to give them post graduate training to enable them to contribute to economic growth. For example, there is an acute shortage of graduates in both textile and information technology suitable to taking the management lead in developing the existing potential in the textile and information technology industries. The availability of post graduate courses from Britain on concessional terms could have an immediately beneficial effect.

5.9 Secondly, the August 1997 edition of the RDP Monitor in South Africa (RSA) notes “disturbing indications are emerging of a financial, administrative and skills crises for all but a few of the (nine) new regions”. A provincial audit report by the Department of Public Services and Administration in RSA reveals that “two provinces are in chaos” and estimates it will take at least ten years to train and build the necessary management skills at provincial level, especially in human resource management, information technology and financial management.

5.10 If intermediate countries, such as these, are suffering in this way it is not hard to imagine what difficulties exist in parts of sub-Saharan Africa where coups, tribal warfare and famine have decimated the leadership cadres and where corruption is rife.

5.11 The British Further and Higher Education sectors in general and particularly the rapidly expanding Colleges of Further Education and the former Polytechnic new Universities have a very considerable potential to contribute to solving these problems.

5.12 The expansion of the Further and Higher Education sector in these categories of institution at a time of constraint in *per capita* public support has resulted in a very efficient use of financial resources, imaginative curriculum development, hugely improved financial management systems and a high degree of development in teaching methodology utilising the latest information technology. Additionally, many British courses now contain modules on interpersonal skills and offer opportunities for exposure to commerce, industry, and professions and public service as an integrated part of course material.

5.13 The use of English language in the majority of the poorest Commonwealth countries renders them particularly able to benefit from British expertise in work related education for employment.

5.14 DFID should look urgently at the potential for British institutions of Further and Higher Education to provide education services as set out in Appendices two and three.

APPENDIX 16

Memorandum from the Royal Society for the Protection of Birds

“Conservation and sustainable management of the environment is a cornerstone of our approach to international development.”

White Paper, paragraph 3.3

“We shall . . . continue to help people in developing countries, often rich in species and habitats, by lacking resources, to manage and benefit from their biodiversity.”

White Paper, paragraph 3.9

1. INTRODUCTION: THE RSPB

The RSPB, which has over one million members, is the UK Partner of Bird Life International, a worldwide partnership of NGOs that is now represented in over 100 countries, about half of them in the developing world. Bird Life seeks to conserve all bird species on Earth and their habitats, and through this it works for the world's biological diversity and the sustainability of human use of natural resources.

The RSPB, implementing part of the overall Bird Life programme, has been working in developing countries for many years. We now work with NGOs—Partners in the Bird Life network—and governments in eight African countries. This programme embraces: integrated conservation and development projects, working with local communities to find ways of addressing their needs while conserving wildlife; researching the location of important sites for biodiversity and threats to them; environmental education; in-country advocacy of conservation; and NGO training and capacity-building. Annex I provides brief synopses of some of these activities.

The RSPB welcomes this opportunity to submit evidence to the Select Committee's Inquiry on the White Paper on International Development.

2. LINKS BETWEEN BIODIVERSITY AND INTERNATIONAL DEVELOPMENT

2.1 *The value of biodiversity*

Biological diversity (“biodiversity”) is the variety of species, ecosystems and genes without which the Earth would be uninhabitable for human beings. Biodiversity creates soils; helps to regulate water supplies and climate; provides food, fuel, fibre and building materials; supports significant economic activities such as tourism and leisure industries; underpins religious beliefs and cultural practices; and inspires aesthetic enjoyment and wonder.

Although many of these goods and services provided by biodiversity do not appear in the market and thus are difficult or impossible to value directly (and some would argue that they should not be given monetary value for ethical reasons), a recent estimate suggests that the total economic value of biodiversity is at least \$33 trillion per year.¹ The paragraphs that follow review just some of the values of biodiversity, highlighting its importance for developing countries and for the global community.

People in developing countries depend directly on biodiversity for livelihoods

Many of the world's poorest people rely on biodiversity for the immediate necessities of life—food, fuel and shelter. Wild resources can be particularly important for food security, providing vital resources during certain seasons and/or for particular groups of people. Wild resources can have significant economic value by preventing the need for cash expenditure and generating income for poor households.² In the Hadejia-Nguru wetlands in northern Nigeria—where the RSPB has been working for many years—wild foods are critically important, particularly for disadvantaged groups of people with limited economic opportunities, and many activities based on the harvesting of wild resources provide important sources of income. The wealth of wild resources depends directly on the maintenance of annual flooding in the area—as do internationally important populations of wild birds.³ In tropical forest areas, wild resources are important complement to crop-based agriculture, and forests can be highly valued by adjacent communities for the resources they provide.^{4,5} Bird Life projects at Mounts Kilum and Ijim in Cameroon (supported by the Joint Funding Scheme) are working to develop community forest management institutions that will allow forest use of this kind to be ecologically sustainable.

Biodiversity-related tourism can be an important source of income for developing countries

“Ecotourism” is growing rapidly worldwide, with an estimated total value in 1988 of \$233 billion. More than half of this is thought to be related to animals.⁶ Many developing countries already derive substantial income from wildlife-related tourism, and many more are seeking ways to exploit the potential of their rich natural

resources in this way.⁷ Care is needed to ensure that the economic benefits of tourism of this kind flow not only to government but also to local communities around the areas that attract tourists. Until the recent coup, the RSPB, working with Action Aid, was developing a project in Sierra Leone to promote ecotourism in the country's first national park, at Outamba-Kilimi, in ways that benefit local people, as well as other rural development activities. We will resume work on this as soon as the security situation permits.

Biodiversity provides multiple ecosystem services

Ecosystems provide a range of services that are of direct benefit to people in developing and developed countries alike, in addition to yielding resources for direct use, as described above. Wetlands serve as nurseries for fish species that are important both for local small-scale fishers and for commercial fishing, while also buffering pollution and protecting coastlines from erosion and flooding. Eighty per cent of fish caught are taken from coastal and continental shelf waters. Continuing impairment of these fisheries through wetland destruction will endanger both local and global food security.⁸

Forests protect watersheds, conserving soil and assuring water supplies both locally and farther afield. Examples from the RSPB's and BirdLife's own experience include the role of the Uluguru forests in Tanzania in protecting the watershed that supplies water to Dar es Salaam, and the importance for local water supplies of the Mount Kilum forest in Cameroon. Deforestation leads to soil erosion, and reduces local rainfall as the water-trapping effect of trees is lost.⁹ There is also evidence that deforestation may contribute to changes in climate farther afield. It has been suggested that clearance of coastal tropical forests in West Africa has reduced rainfall in the already drier interior of countries such as Ghana, Nigeria and Côte d'Ivoire.¹⁰

At a global level, large-scale deforestation contributes substantially to global warming by releasing carbon dioxide through burning and land use change, while at the same time reducing the Earth's ability to absorb the increasing quantities of carbon dioxide entering the atmosphere.

Biodiversity provides a reservoir of genetic information for future human use

The genetic variability of organisms constitutes a storehouse of information that may prove to be of enormous benefit to humans in the future. Genes that confer disease resistance in commercial crops that are important in both developing and developed countries have been found in the wild relatives of those crop species.¹¹ Pharmaceutical companies from developed countries are "bioprospecting" in developing countries, seeking chemical compounds that may lead to the development of new drugs. Many developing countries are hoping to derive substantial economic benefits from the exploitation of these genetic resources, and a number of "benefit-sharing" agreements between developing country governments and developed country pharmaceutical companies have already been negotiated. Loss of biodiversity erodes the opportunities for benefits of this kind to the international community as a whole.

People value biodiversity simply because it exists, and for spiritual and cultural reasons

Many people attach great importance to the very existence of wildlife and biodiversity, and wish to conserve it as part of the common heritage of humanity. This is clearly demonstrated by the strong public support for conservation organisations in the UK and elsewhere the RSPB now has over 1,000,000 members, enabling the organisation to spend over £1 million per year on conservation in developing countries. But people in developing countries also value biodiversity for its own sake. Eighteen per cent of people living in the vicinity of forest reserves in Ghana said they valued wild animals for cultural, recreational or aesthetic reasons.¹²

2.2 *The importance of developing countries for biodiversity*

Developing countries harbour the bulk of the world's biodiversity. Fifty to 90 per cent of all species are found in tropical forests. The majority of the 234 sites identified as having especially high plant species diversity, and most of the sites known to have concentrations of endemic bird species, are in developing countries.^{13, 14} All but eight of the 70 countries with the greatest biodiversity are in the developing world.¹⁵

It is thus clear that successful action in developing countries to conserve biodiversity and ensure its sustainable use will be essential if the goal of global biodiversity conservation is to be achieved.

2.3 *Trends in biodiversity*

Biodiversity in developing countries is being lost at an alarming rate, primarily as a result of habitat destruction. Forests have been lost at an annual global rate of 100,000-200,000 km² in recent years; 80 per cent of coastal mangroves have already been destroyed in the Philippines, 50 per cent in Thailand and Indonesia, and 32 per cent in Malaysia.^{16, 17} The United Nations Environment Programme forecasts that pressures on natural habitats will grow substantially as food demand expands and new agricultural land is sought. At current rates of

habitat destruction, African forests could disappear altogether by 2050, while in the 20 highest-biodiversity countries in the world—19 of which are developing countries—about 25 per cent of the currently “non-domesticated” land could be converted for agriculture by the same date.¹⁸ The implications of these losses of natural habitats for species are stark. Extinction is thought to be occurring at around 1,000-10,000 times the expected “background” rate (i.e., the rate that would be expected without human intervention), and up to 10 per cent of all species could be extinct within 25 years.¹⁹

These rates of habitat destruction and species extinction would drastically impair all the functions and values of biodiversity outlined above.

3. DFID’S AIM AND OBJECTIVES

Given the strong relationship between poverty elimination and the conservation and sustainable use of biodiversity, the RSPB warmly welcomes the White Paper’s numerous statements to the effect that development must go hand in hand with protection of the environment. Two such statements are quoted at the start of this submission.

We particularly welcome the clear encapsulation of the importance of the environment in DFID’s new third Objective—“protection and better management of the natural and physical environment”—and the commitment that DFID will contribute to sustainable management of physical and natural resources, efficient use of productive capacity and protection of the global environment.

The remainder of this submission briefly considers a small number of key issues relating to the environment and international development that arise in the White Paper, with particular reference to biodiversity.

4. THE BALANCE OF EXPENDITURE

A very small proportion of DFID’s bilateral aid is currently spent on projects that specifically address biodiversity (just over 1 per cent in 1995). (A larger proportion of spending benefits biodiversity through activities concerned with sustainable agriculture and sustainable forestry.) The proportion of bilateral aid devoted to natural resource management as a whole has fallen in recent years.

The government’s commitment to increase expenditure on basic health care, basic education and clean water in Africa by 50 per cent (White Paper, paragraph 2.4) is welcome. But it must be ensured that this rebalancing of spending is not at the expense of natural resource conservation. Expenditure on the environment and natural resource management needs to increase rather than fall in order to meet the government’s own objectives and to secure adequate protection of the environment.

This is of course more likely to occur within a total aid budget that is rising. The RSPB warmly welcomes the government’s commitment to “start to reverse the decline in UK spending on development assistance”, and to the UN 0.7 per cent target. *Clear timetables and interim targets along the path to this objective should be set.*

5. TARGETING BIODIVERSITY

5.1 Addressing poverty—the White Paper’s approach

Given the close links between biodiversity and poverty outlined in Section 2 above, concentrating funds in the poorest countries—as the White Paper commits DFID to doing—will allow many of the world’s highest biodiversity conservation priorities to be addressed.

Nonetheless, some countries that may not be amongst the poorest are of great importance for biodiversity, holding species and habitats that are under great pressure. This is illustrated by the comparison of Gross Domestic Product with biodiversity importance given in Annex II. Paragraph 2.26 of the White Paper indicates that within an overall concentration of DFID resources on the poorest countries, attention will also be given to the needs of the large numbers of poor people in middle-income countries “after consideration of such factors as . . . their potential impact on the global environment”. This undertaking is welcome; it should allow additional biodiversity priorities to be tackled, over and above those in the poorest countries.

5.2 Additional action needed for biodiversity

Despite the opportunities outlined above, there are indications that DFID’s new focus on poverty elimination may mean that activities which do address poverty, but in which environmental concerns are paramount, may no longer be pursued. There is a risk that the UK’s contribution to addressing environmental needs in developing countries overall might shrink.

In some countries, Kenya for example, protected areas contribute massively to national economies. However, such examples do not provide a universal paradigm.

In Africa as a whole, with the possible exceptions of South Africa, Zimbabwe, Kenya and Botswana, the revenues earned from tourism and wildlife utilisation in protected areas are insufficient to cover day-to-day operating costs. Yet these areas are universally and rightfully acclaimed for their global importance. Whilst some uncosted benefits are undoubtedly derived from these areas for local people, such as fresh water, protein, etc., and whilst in the longer term they may become revenue generating, in the short term they are frequently a revenue drain on some of the world's poorest nations. If they are to be maintained and managed effectively, the international community will have to share some of the costs.

UK funds for biodiversity in developing countries are already very limited. As noted above, bilateral aid funding for biodiversity is small. The Department for the Environment, Transport and the Regions manages the Darwin Initiative for the Survival of Species, which provides around £4 million per year; other small sums come from research bodies. The UK's total contribution to securing the challenge of conserving the world's biodiversity is not commensurate with the strong support Britain has given to the Biodiversity Convention at a political level, or with its standing in the international community.

This suggests the need for an additional mechanism, focusing on biodiversity priorities first and foremost.

An example of such capacity can be found in the Netherlands' aid programme and is described below.

Giving priority to biodiversity—the Dutch approach

The Netherlands has committed itself to spend 600 million guilders (£190 million) per year on the environmental from its aid programme (from a total bilateral aid budget of £1,037 million in 1994.²⁰ Half this sum is spent through mainstream country programmes, responsibility for which lies with Dutch embassies in developing countries. The remaining 300 million guilders forms a central environment budget controlled by the Development and Environment Division of DGIS, the Directorate-General of the Ministry of Foreign Affairs responsible for the aid programme, in the Hague. Seventy-five million guilders of this figure of 300 million in turn forms part of a commitment to spend 150 million guilders per year on forests. Thus this amount is directed to forest conservation, including the conservation of forest biodiversity. The remaining 225 million guilders of the 300 million guilders central environment budget is used to address non-forest biodiversity priorities as well as other environmental concerns.

The Development and Environment Division has the flexibility to choose to spend this budget in countries that are not among those formally listed as being within the Dutch development co-operation programme, and within mainstream programme countries in regions that are not normally targeted for aid. Thus, for example, a project is being developed to conserve the bulbs of endangered plants in a dry desert region of Chile, which is not a mainstream aid programme country.

We therefore request the Committee to examine the need for additional funds targeted to specific environmental needs. If DFID is not able to take the lead in such a new UK mechanism because of its legitimate concentration on poverty elimination, additional funds should be provided to another government department—for example the Department for the Environment, Transport and the Regions, or the Foreign and Commonwealth Office.

6. CONSISTENCY OF POLICIES AND RELATIONS WITH MULTILATERAL INSTITUTIONS

The White Paper's clear vision of the need to ensure consistency in the way fundamental objectives are pursued throughout government policy, and in the UK's approach to multilateral institutions, is strongly to be welcomed. This commitment will pose major challenges in regard to the environment.

6.1 *The World Bank, the Global Environment Facility and the environment*

The Global Environment Facility (GEF) acts as the "financial mechanism" to the Biodiversity and Climate Change Conventions, providing funds to developing countries to support the Conventions' implementation. The GEF is implemented to part through the World Bank—the Bank has accounted for around two-thirds of the \$1,594 million committed to projects thus far.^{21, 22}

It is an important principle of the GEF that it should seek to "mainstream" global environmental objectives into the non-GEF activities of its Implementing Agencies. Yet considerable evidence of the environmentally damaging effects of structural adjustment programmes implemented at the Bank's behest, for example, suggests a need for substantial further efforts by the Bank to achieve "mainstreaming".²³ The preliminary findings of an ongoing Study of GEF's Overall Performance echo this concern. The study team examined the World Bank Country Assistance Strategies for the countries in which it conducted field visits as part of its work.²⁴ It found that most of them made no reference to the environmental issues that were being addressed by GEF projects in those very countries.²⁵ Furthermore, a recent study by the Bank's Operations Evaluation Department found serious weaknesses in the Bank's approach to Environmental Assessment.²⁶

The fact that the Secretary of State for International Development, rather than the Chancellor of the Exchequer, is now the UK Governor of the World Bank—coupled with the recent move of the DFID official responsible for co-ordinating the production of the White Paper to the office of the UK Executive Director of the World Bank in Washington—should make it easier to address these concerns.

DFID should give priority to pressing the World Bank to step up its efforts to integrate the environment fully into all its operations

6.2 The EU and the future of the Lomé Convention

The first half of 1998 sees the UK Presidency of the EU, at a time when important negotiations will begin on the future of the Lomé Convention, which governs relations between the EU and developing countries in Africa, the Caribbean and the Pacific.

It is important that the new Lomé arrangements should reflect the strong environmental commitments made in the White Paper. This will require, for example:

- *an explicit statement that environmentally sustainable development is an objective of the new arrangements*
- *provisions for strategic environmental assessment of EC-funded programmes*
- *strengthened environmental procedures and capacity within the European Commission.*
- *budget lines targeted to environmental priorities, including biodiversity.*

7. SUPPORT FOR MULTILATERAL ENVIRONMENTAL AGREEMENTS: NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT AND THE NEED FOR INCREASED DONOR CO-ORDINATIONS

National level

Paragraph 1.24 of the White Paper notes the importance of UN environmental Conventions, from which the international targets to which the White Paper commits the government are in part derived. These targets include, importantly, “the implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015” (White Paper, Panel 4).

The White Paper notes the importance of increased co-ordination amongst donors (paragraph 2.20). DFID should apply this principle to its work on national sustainable development strategies. DFID’s Biodiversity Strategy, which guides its biodiversity-related activities, does not appear to have served thus far as a dynamic instrument for enhancing DFID’s contribution to donor co-ordination within individual countries. The review of the Biodiversity Strategy that will soon start presents an opportunity to strengthen performance in this area. The Biodiversity Strategy review is discussed further below.

International level

Enhanced co-ordination of donor activities in support of multilateral environmental agreements is also needed at the international level. Although the GEF acts as the “financial mechanism” for the Biodiversity Convention, for example, it provides a relatively small proportion of the total donor funds contributing to the Convention’s implementation in developing countries. While many donors are involved in biodiversity activities, there is no formal mechanism for co-ordination. There is thus a risk of duplication of effort, and of failure to maximise opportunities.

A new international mechanism is needed to maximise the efficiency of donor efforts for biodiversity. this mechanism should be able:

- to analyse the range of activities needed for biodiversity and compare them with donors’ priorities and programmes, identifying any gaps seeking to fill them through dialogue with donors;
- to promote debate and dissemination of information amongst all donors—bilateral and multilateral—and between donors and developing country Biodiversity Convention Parties on needs, approaches and best practice in all aspects of biodiversity financing;
- to promote interaction with NGOs and the private sector;
- to explore, develop and promote innovative approaches to biodiversity financing, including the use of a range of economic instruments and incentives;
- to ensure links to greater articulation of donor funds at the national level around National Sustainable Development Strategies, Biodiversity Action Plans, and other national plans and strategies.

Details of how such a mechanism would operate require broad discussion. However, options include expanding the role of the GEF, strengthening the Biodiversity Convention Secretariat, or a collaborative body embracing several existing institutions, along the lines of the Global Mechanism established recently under the Convention to Combat Desertification.

DFID, with DETR, should work for the development of a new mechanism to secure broad co-ordination at the international level of donor support for biodiversity.

8. REVIEW OF DFID'S BIODIVERSITY STRATEGY

As noted above, DFID is about to embark on a review of its Biodiversity Strategy. This provides a valuable opportunity to put flesh on the bones of the White Paper with specific regard to this important area. Issues that the review should examine include:

- the inclusion of biodiversity issues in DFID Country Strategy Papers (the documents that provide the framework for UK assistance to a country);
- the usefulness of the Biodiversity Strategy's "target country" concept, and the extent to which biodiversity activities in a country have addressed biodiversity priorities and been integrated with relevant national plans and strategies;
- DFID's contribution to ensuring appropriate treatment of biodiversity issues by multilateral institutions—notably the World Bank and the EC—both at the country level and through the UK's membership of these institutions' governing bodies;
- examples of "win-win" activities that have both benefited biodiversity and helped to reduce poverty; experience of this kind should be disseminated within DFID and beyond;
- the need for greater international co-ordination for biodiversity, as outlined above.

Notes

¹Costanza, R *et al.* The value of the world's ecosystem services and natural capital. *Nature*. Vol. 387, 15 May 1997, pp. 253-260.

²Guijt, I, Hinchliffe, F, and Melnyk, M. *The Hidden Harvest. The Value of Wild Resources in Agricultural Systems. A Summary*. IIED. London, 1995.

³International Institute for Environment and Development/Hadejia-Nguru Wetlands Conservation Project. 1997. Local-Level Assessment of the Economic Importance of Wild Resources in the Hadejia-Nguru Wetlands, Nigeria. *Sustainable Agriculture Programme Research Series* Volume 3, Number 3. Sustainable Agriculture Programme, IIED, London.

⁴Scoones, I, Melnyk, M and Pretty J. *The Hidden Harvest: Wild Food and Agricultural Systems. A Literature Review and Annotated Bibliography*. IIED. London. 1992.

⁵*Indigenous vs. Introduced Biodiversity Conservation Strategies: The Case of Protected Area Systems in Ghana*. Biodiversity Support Program, Washington DC, 1995.

⁶United Nations Environment Programme. *Global Biodiversity Assessment*. 1995.

⁷See for example World Bank, *Staff Appraisal Report. Republic of Uganda. Environmental Management Capacity-Building Project*. 1995.

⁸Mulvany, P. *Dynamic Diversity: farmers, herders and fisherfolk safeguarding biodiversity*. ITDG.

⁹Baskin, Y. *The Work of Nature*. Island Press, 1995.

¹⁰Pearce, F. "Lost Forests leave West Africa dry". *New Scientist*. 18 January 1997, p. 15.

¹¹As for ref. 9.

¹²As for ref. 5.

¹³*Centres of Plant Diversity. A guide and strategy for their conservation*. IUCN 1987, cited in *Global Biodiversity Assessment*.

¹⁴*Putting Biodiversity on the Map*. Bibby *et al.* 1992. International Council for Bird Preservation.

¹⁵Caldecott, J O, Jenkins, M D, Johnson, T and Groombridge, B. *Priorities for Conserving Global Species Richness and Endemism*. World Conservation Monitoring Centre 1994. World Conservation Press, Cambridge, UK.

¹⁶As for ref. 6.

¹⁷As for ref. 9.

¹⁸UNEP. *Global Environment Outlook*. 1997.

¹⁹As for ref. 6.

²⁰OECD. *Development Co-operation 1995 Report*.

²¹The other Implementing Agencies are the United Nations Development Programme and the United Nations Environment Programme.

²²*Draft Annual Report of the GEF, FY97*. Global Environment Facility, 3 October 1997.

²³See, for example, *Structural Adjustment, the Environment and Sustainable Development*. Ed. David Reed. Earthscan, 1996.

²⁴The Country Assistance Strategy provides the framework for the World Bank's activities in a country and is intended to cover all the key issues relevant to those activities.

²⁵Oral presentation by Gareth Porter, Team Leader, Study of GEF's Overall Performance, at the GEF-NGO Consultation, Washington DC, 2 November 1997.

²⁶*Effectiveness of Environmental Assessments and National Environmental Action Plans: A Process Study*. Operations Evaluation Department, World Bank, 28 June 1996.

ANNEX I

SUMMARIES OF SELECTED RSPB AND BIRDLIFE ACTIVITIES IN DEVELOPING COUNTRIES. ALL THE INDIGENOUS NGOS REFERRED TO ARE THE BIRDLIFE PARTNERS IN THEIR RESPECTIVE COUNTRY

Ghana

Under the Coastal Wetlands Management Project (now GEF-funded) the RSPB provides financial support for environmental education and awareness components implemented by the Ghana Wildlife Society (GWS). The project as a whole is pursuing ecologically sustainable use of coastal wetlands important for local livelihoods and for migratory bird species including the globally threatened roseate term. The RSPB has also provided long-term support to GWS.

Nigeria

Long-term involvement with the Hadejia-Ngura Wetlands Conservation Project, which is seeking to maintain the wetlands in the Hadejia-Jama'are floodplain in northern Nigeria. Proposed dam construction upstream of the wetlands would reduce annual flooding, seriously threatening the local economy as well as the habitat for numerous species of migratory birds. The RSPB is also supporting capacity-building in the Nigerian Conservation Foundation.

Sierra Leone

The RSPB has been working with the Conservation Society of Sierra Leone (CSSL) for many years on a range of activities including surveys and conservation of the Gola rain forests, environmental education, and capacity-building in CSSL and the government Forest Department. Final plans are now being made for an Integrated Conservation and Development Project, to be implemented jointly with ActionAid and with EU funding, for the Outamba-Kilimi National Park.

Tanzania

Participatory Rural Appraisal techniques have been used in the Uluguru Mountains to lay the foundations for a project to integrate conservation of forests that harbour globally threatened wildlife and protect the watershed supplying water to Dar es Salaam with activities to sustain and improve local livelihoods. A detailed project proposal is now being developed with CARE and other development agencies. Long-term support is also being provided to the Wildlife Conservation Society of Tanzania.

Cameroon

The JFS-funded Kilum Mountain Conservation Project and its companion projects on Mounts Ijim and Kupe have been working with local communities for 10 years to develop institutions that can ensure ecologically sustainable forest management, improved agricultural techniques around the forests to reduce the need for new land clearance, alternative livelihood activities, and environmental education. The Kilum project now receives GEF funding under a national biodiversity project.

Kenya

Like the projects in Cameroon, the Arabuko-Sokoke Conservation and Management Project is working to find ways of making forest use ecologically sustainable, combining conservation of the globally important biodiversity in these forests with activities to sustain and improve the local economy. The project is funded by the EU.

Pakistan

The Himalayan Jungle Project in the Palas valley in north-west Pakistan has been funded by both FFS and the EU. Communities in the valley are amongst the poorest in Pakistan, while the forest is a global biodiversity "hotspot", with over 140 bird species and many other threatened animals and plants. The project is working with the "jirga" or tribal council on agricultural activities to improve nutrition and increase incomes while also reducing pressure on the forest, community development, and environmental awareness. After heavy flooding in 1992 the project was instrumental in providing food aid and then assisting with reconstruction of local bridges, paths and irrigation systems.

UNDP-GEF project

The BirdLife African Partnership has recently obtained GEF funds through UNDP for work in 10 African countries. This is the first time an NGO will act as the executing agency for a "mainstream" GEF project. The project aims to develop the capacity of African NGOs to engage in biodiversity conservation, and involves a variety of activities including site survey and monitoring, training, and working with government to develop conservation strategies and actions.

ANNEX II

Biodiversity and poverty: developing countries amongst the 50 most biodiverse countries in the world, ranked according to real GDP per capita

Country	Real GDP in \$ per capita 1994—from Human Development Report 1997
Ethiopia	427
Zaire	429
Tanzania	656
Madagascar	694
Zambia	962
Myanmar	1,051
Cambodia	1,084
Sudan	1,084
Central African Republic	1,130
Vietnam	1,208
India	1,348
Nigeria	1,351
Uganda	1,370
Kenya	1,404
Angola	1,600
Côte d'Ivoire	1,668
Ghana	1,960
Cameroon	2,120
Congo	2,410
Laos	2,484
Bolivia	2,598
China	2,608
Philippines	2,681
Guyana	2,729
Papua New Guinea	2,821
Cuba	3,000
Guatemala	3,208
Paraguay	3,531
Gabon	3,641
Peru	3,645
Indonesia	3,740
South Africa	4,291
Ecuador	4,626
Suriname	4,711
Brazil	5,362
Botswana	5,367
Panama	5,868

Country	Real GDP in \$ per capita 1994—from Human Development Report 1997
Costa Rica	5,919
Columbia	6,107
Thailand	7,104
Mexico	7,384
Venezuela	8,120
Malaysia	8,865
Argentina	8,937
Chile	9,129

Note: The Former Soviet Union is also among the 50 most biodiverse countries, but no GDP figure is available.

APPENDIX 17

Memorandum from BOND

1. BOND welcomes the first White Paper on International Development in over 20 years as a sign of the government's commitment to addressing the global problems of poverty, inequality and environmental degradation. We particularly welcome the strong emphasis on poverty elimination, the commitment to this emphasis underpinning all government policies which affect the South, and the focus on the importance of the development of public awareness.

2. BOND has appreciated the opportunity for detailed consultations with the voluntary sector which the government has enabled during the preparation of the White Paper, and has been pleased to provide a co-ordinative function for this process. We hope that the next steps taken by the government will include a detailed Action Plan which translates the White Paper's commitments into implementable programmes, and look forward to continuing dialogue in this process also.

3. We welcome the commitment to reverse the decline in the British development assistance budget, and to the UN target of 0.7 per cent of GNP (section 4.9 of the White Paper). However, we are disappointed by the lack of specific commitments on resources for development. BOND would like to see a clear commitment to annual increases towards the UN target, with a clear date for its achievement.

PARTNERSHIP WITH SOUTHERN GOVERNMENTS (2.19-2.30)

4. BOND welcomes the government's commitment to building partnerships with governments which are themselves committed to the aim of eliminating poverty, which pursue sound economic policies, and which respect human rights. We hope that, in the course of developing a more detailed Action Plan, the government will wish to engage the UK NGOs in discussion of the role of civil society, particularly in circumstances in which the potential partner partly but not wholly fulfils the criteria for partnership. It is likely that this would be the case for the majority of southern governments, and for these BOND believes that, in ensuring the sustainability of a poverty focus and of respect for human rights, the role of civil society is at least as important as that of external donor governments. BOND welcomes the government's commitment to consultation with the voluntary sector in the development of its country strategies, and looks forward to discussing these concerns further with the government as this commitment is implemented.

PARTNERSHIP WITH THE UK VOLUNTARY SECTOR (2.40-2.41)

5. BOND welcomes the government's commitment to working with UK NGOs in winning stronger public and international support for poverty elimination and sustainable development. NGOs have a long track record in this area, and look forward to the boost which the weight of government can give to this work.

6. BOND welcomes the government's continuing commitment to supporting NGOs' work through the Joint Funding Scheme and the Volunteer Programme. The government's commitment to the objective of strengthening southern NGOs is particularly welcome, as it reflects one of UK NGOs' own central aims.

7. We look forward to working with the government in building on this towards a more comprehensive partnership with NGOs, based on mutual respect and independence. NGOs do not see themselves primarily as contractors for the delivery of government objectives using government cash, but as organisations with similar objectives but different strengths; the government's and NGOs' relative strengths should enable a creative partnership which would enhance the government's potential to achieve its development objectives. UK NGOs

have a strong track record in working towards partnership in their relationships with southern organisations from which both NGOs and government can learn; in work on the more deep-seated causes of poverty which complements governments' work on state provision; in supporting southern governments to build their capacity for local delivery; and in acting as innovators and initiators, from whose experience larger institutions such as government departments can learn.

8. While BOND welcomes the commitment to the Joint Funding Scheme, we hope that in re-orienting its arrangements in the light of new policies, the government will continue to recognise the value of a scheme which responds to NGOs' priorities and creativity, and which does not see NGOs as an extension of government delivery methods. NGOs are confident that their use of JFS resources has a strong focus on poverty, and accords well with the newly stated priorities of government, and though NGOs' priorities may not always have seemed to be priorities for government at the time, they have often become so at a later date because of the innovative experience which NGOs are then able to contribute to the government's own development understanding. NGOs are the venture capitalists of the development world; pin us down to established methods, and a key source of experimentation and learning is lost to the government. BOND is ready to discuss with the government, and enthusiastic about, appropriate ways of ensuring quality in the JFS process; but would welcome a statement of recognition that this is not best achieved by restricting the voluntary sector to government's own current methods.

17 November 1997

APPENDIX 18

Memorandum from the Overseas Development Institute

1. INTRODUCTION

1. This short memorandum offers a first reaction to the White Paper on International Development by the Overseas Development Institute. In general, it is not our practice to offer a single institutional view, which might hide differences of perspective among our 25 independent (and often opinionated) researchers. However, on this occasion, there is strong agreement that the new White Paper merits:

- (a) a very warm welcome in principle as a statement of overarching policy; and
- (b) a serious discussion about implementation and performance standards.

2. VISION PAPER OR CORPORATE PLAN?

2. The first question we think the Select Committee ought to consider is about the art form of writing a White Paper. Is a White Paper a kind of "vision statement", which sets down philosophical principles and provides broad guidelines to policy? Or is it more in the nature of a corporate plan, which includes vision, but also sets out to be more specific about the changes that will be introduced?

3. At ODI, our view is that a White Paper should normally be more than a vision statement. Indeed, as a document which is often a precursor to legislation, it is usually required to be specific about policy change. Here, there is no real legislative intent, and does not need to be. Nevertheless, it would be reasonable to expect the White Paper to contain detailed commitments.

4. In fact the White Paper seems to be intended more as a vision statement than a corporate plan. Thus, the 12 points in the summary are "strands" rather than "commitments"; and the purpose of the White Paper is given in paragraph 1.22 as "to set out clear principles on which our common interests in sustainable development should be based". If this is the intention, then fine. However, clearly, there will need to be further discussion about implementation.

3. THE OVERALL VISION IS WARMLY WELCOMED

5. The White Paper has three great strengths. It puts poverty reduction right at the heart of policy. It recognises that aid alone is not enough. And, most importantly, it reflects the Secretary of State's optimism that "something can be done".

6. The first strength is the emphasis on poverty, reflected in the title of the White Paper, "Eliminating World Poverty: a Challenge for the 21st century". The commitment to poverty reduction does not come out of the blue. Indeed, it has been central to the aid department's mandate since its inception, and was written firmly into the mission statement under previous governments. Unfortunately, the emphasis on poverty reduction was sometimes diluted by emphasis on political and commercial considerations, and by other development objectives, like economic reform. The great benefit of the new vision set out in the White Paper is to pare away extraneous objectives and to declare a single-minded focus on sustainable poverty reduction. There is no doubt that stating

the overall objective with such clarity and forcefulness will change the way analysis is carried out and change the way decisions are made. It would be very surprising if the content of the development programme did not change as a result of the White Paper.

7. The second great advantage of the White Paper is the conclusion that aid is not enough. The recognition that trade, debt and global environmental issues were important was precisely the rationale for setting up a new department and bringing it back into the Cabinet. The White Paper devotes 27 of its 80 pages to discussion of these topics, and lays claim to DFID mandate in such areas as fair trade, climate change and international security. There are clearly some elephant traps to be circumvented in relation to other departments of state, but the intention to secure greater consistency of policy is entirely praiseworthy.

8. The third strength of the White Paper is the determination that something must and can be done, reflected most strongly in the commitment to the DAC target of reducing the proportion of people living in absolute poverty by half by the year 2015. To a certain extent, this is a piece of political theatre, but it is important nonetheless in mobilising political and public opinion.

9. Underlying the three strengths of the White Paper is a coherent development philosophy. The paper steers a middle course between state and market; encourages self-reliance; and makes great play of the idea of “partnership” both between the UK and developing countries and between the British government and business interests. Again, all this is admirable.

4. FROM THEORY TO PRACTICE: THE QUESTIONS THAT NOW NEED TO BE ANSWERED

10. ODI’s substantive comments on the White Paper mostly take the form of questions about implementation or performance standards. It might have been good to see more on these in the White Paper itself. However, even if we can agree that the questions are too specific for a vision statement, they remain important to consider as implementation takes place. We have four main points.

(a) Performance Targets

11. The commitment to the DAC goals needs some thinking about. There is a separate discussion to have about whether the goals are right or wrong and about whose goals exactly they are. For example, the key poverty reduction goal is notably more specific than the more general commitment to poverty reduction to which developing countries committed themselves at the Social Summit held in Copenhagen in 1995. However, even if the goals were internationally agreed, it is not quite clear what it means for Britain, as a relatively small player, to commit itself to them. Obviously, the poverty reduction goal is an aspiration. Is it any more than that? It is a bit like one member of a football team “committing” himself or herself to win a match: a good thing in principle, but whether or not the objective is achieved depends on the other members of the team, and on the opposition.

12. In the next phase of work, therefore, we need lower-level performance targets to which the UK will commit itself, and for the achievement of which it can be held accountable. These might include the volume of aid, tying status, trade arrangements, environmental progress or any one of myriad other performance indicators. Could the Select Committee not ask DFID to produce its own list?

(b) “Partnership”

13. Secondly, a similar point might be made about the idea of “partnership”. The White Paper sets out the standards that developing countries will have to meet if they are to qualify for partnership status, but is somewhat vague about what developing countries can expect in return (paragraph 2.21: a longer-term commitment, an enhanced level of resources and flexibility in the use of resources). This is really not good enough, and smacks of “asymmetric accountability”. The DFID commitment needs to be made more specific.

14. Various alternative models exist in the world and could be called on here. For example, the government position paper on the renegotiation of the Lomé Convention, published after the White Paper, praises the idea of partnership embodied in the Lomé Conventions. It is worth remembering that the Lomé Convention is a legal treaty, signed by the European Union and 71 members of the African Caribbean and Pacific Group. Aid volumes are fixed in the treaty, and the way those monies are spent is determined at the country level in negotiated “national indicative programmes”, agreed by both parties. In recent years, the EU has distanced itself somewhat from the idea of “contractuality” implicit in earlier Lomé Conventions, mainly because of the problem of dealing with difficult regimes like that of Idi Amin in Uganda. Nevertheless, the Lomé process retains a high degree of genuine partnership. Are there not some lessons here for the bilateral programme?

(c) Multilateral Aid

15. Thirdly, it is important to make the point that half of Britain’s aid is now disbursed through multilateral channels, some two-thirds of these through the European Union. DFID is known to have serious concerns about the quality of European aid, some of which are reflected in the Lomé position paper. It is surprising that these are referred to only in a marginal way in the White Paper, and that reform of European aid is not a major part of the White Paper mission statement. The Lomé position paper, for example, states that a larger share of the total resources should be allocated to the poorest countries, and calls for major restructuring of the various

financial instruments. It also calls for rolling programmes in which only a part of the allocated resources is programmed in detail within each country programme at the beginning of each Lomé Convention, with disbursement dependent on the achievement of targets and undertakings. There is also a long list of administrative changes proposed, including shortening and simplifying implementation procedures, and defining the respective roles of delegations and headquarters.

16. It would have been good to see some of these points discussed in the White Paper. By the same token, it would be useful to have a similar position paper for other components of multilateral aid, particularly the World Bank and the UN system.

(d) Trade and Investment

17. A final set of issues concerns trade and investment. Obviously, ODI is delighted to see the back of the aid and trade provision, which has been a major source of distortion and inefficiency in the aid programme since it was introduced by a Labour government in the 1970s. Beyond that, the trade agenda will largely be developed in a European arena. However, the UK should focus on encouraging other OECD countries, and especially its EU partners, to adopt the Ruggiero special preferences for the least developed countries (48 in Africa and South Asia), not excluding competing agricultural products, processed products and garments, with more relaxed rules of origin for the latter in particular. This is a proximate way of assisting the poor through trade. It would also be useful to put more aid resources into trade facilitation, export promotion and investment promotion.

18. On investment more generally, we welcome DFID's attention, in negotiating a comprehensive Multilateral Agreement on Investment, to high environmental and labour standards.

5. CONCLUSION

19. There is obviously more to say about the White Paper, but our guess is that the Select Committee does not need more from ODI at present. We would be delighted to expand on any points, or to offer verbal evidence if requested. The first major policy statement on international development for over 20 years deserves very serious consideration—both at the level of philosophy and vision, and at the level of practical implementation.

APPENDIX 19

Memorandum from the Local Government Association for England and Wales

The Local Government Association for England and Wales wholeheartedly supports the spirit and goals enunciated in the White Paper on Development, "Eliminating World Poverty: a Challenge for the 21st Century". We believe that the publication of the White Paper has given all of us who are involved in development work a valuable opportunity to examine our partnerships, and to review our strategies and goals, in order to achieve the White Paper's objectives.

We welcome the White Paper's recognition of the critical importance of basic services in meeting the needs of the poorest, including primary education and health care, housing and safe drinking water.

We welcome too the emphasis upon sustainable development, economic growth that allows the poor to share in the fruits of development, and on the need to address gender inequality.

All of these are matters for which local government has major responsibility, and a long track record of involvement. The Prime Minister has recognised, for example, the vital role played by local government in relation to sustainable development, through Local Agenda 21 strategies.

Within our overall positive response to the White Paper's themes, we must therefore express our disappointment that the White Paper contains few specific references to the crucial role of local government, in the UK and overseas, in tackling the big issues of poverty, economic growth and sustainable development.

We make this comment because, in our view, many of the objectives of the government cannot be achieved without local government playing a significant role. The White Paper makes ample mention of government in general, but in terms of specific programmes and strategies, there is a fundamental difference between national government on the one hand, and regional and local government on the other. National governments can set policies and targets, allocate resources and fund programmes. However, to be effective, solutions have to be delivered at local level based on local community needs. The poor, the homeless and the destitute are the responsibility of all levels of government—but unless they have access to an effective, permanent sphere of government close to them, their needs are unlikely to be met.

There are further reasons why local government's role is vital. The White Paper sets out the UN's projections for population increase, from 5.6 billion in 1994 to 7.3 billion in 2015; by far the greater part of this increase will be in developing countries. It also refers, at paragraph 3.7, to the fact that:

“By the beginning of the next century, more than half of the world’s population will for the first time in history be living in towns and cities.”

At 3.6, the point is correctly made that:

“rural communities are still the majority in most developing countries”.

However, by the year 2025, according to UNCHS estimates, a substantial majority of the population will live in urban settlements in most developing, as well as developed, countries. The trend towards urbanisation is in fact much faster in developing countries.

Towns and cities in particular are highly complex entities, which can neither be successfully managed nor developed by top-down forms of government. The quality of their governance is a vital issue, if the White Paper’s objectives are to be met in the first decades of the next century.

The importance of “municipal government” has recently been underlined by William Rhodes, Vice-Chairman of Citibank, in a recent article in the *Financial Times* (“Policies for the People”, 13 November 1997). Though writing in relation to Latin America, his point is (we suggest) of wider application.

“State and municipal governments are building blocks for a civil society. Reform at these levels lays the foundation for a successful macroeconomic policy. Reforms cannot be limited to central government, but must be extended throughout provincial and municipal government, which need to be credible, efficient and accountable. The agenda must include government decentralisation and civil service reform.”

In its report, *Shaping the 21st Century: The Contribution of Development Co-operation*, the OECD expresses the view that success in achieving development goals depends upon the “energies and commitment of institutions and individuals in government at all levels.”

UK local government is already playing a significant role in the development process, working on an authority to authority basis, and assisting in the capacity-building of local government associations, via an EU-funded programme in central and southern Africa. The World Bank is also now contracting with UK local government (Kirklees) to assist Kampala city, in Uganda.

Moreover, the World Bank’s 1997 World Development Report advocates building “a more effective state to support sustainable development and the reduction of poverty”. The chapter entitled “Bringing the State Closer to the People” assesses the need for local and regional authorities which will co-operate “vertically” with national government, but also “horizontally” with NGOs, community groups and citizens to address poverty.

NGOs also work closely with local government; for example, OXFAM runs a UK poverty programme which includes local government as part of its anti-poverty strategy.

Because local government is the most accessible form of government to people, the LGA believes that training and professional support by practitioners is an integral part of any strategy to help poor people take control over their lives. South Africa is a key example of this. Local government is a constitutionally-defined “sphere” of governance and much government effort is going into strengthening its role and performance. The UNDP’s Human Development Report, given considerable weight in the White Paper, severely under-estimates this process in its section on South Africa, and does not refer to the constitutional support for a national local government association (SALGA).

UK local government is already helping the South African development process through, for example, the “Shoulder to Shoulder” initiative in the Western Cape, involving two to four week staff secondments. These initiatives cover areas such as:

- performance management;
- housing strategy;
- social care programmes;
- support to councillors in training and development;
- social and economic regeneration.

The LGA believes that local government should play a fundamental partnership role in development for two reasons. First, to assist in the establishment of strong local governments that are effective and accountable. Second, to promote (through local partnerships) the empowerment of citizens, giving a strong voice for, and participation by, the poor.

Communities should be involved in exercising their rights as citizens, rather than being led by foreign agencies. Partnerships and exchanges between practitioners are an inexpensive as well as effective means of achieving these goals.

Some examples of this process may illustrate the potential range of local government’s capacity to assist in development:

- Development of a daycare system for mothers wishing to work (Hungary).
- Development of an authority wide social services policy for the elderly and the physically and mentally disabled (Hungary).
- Development of a pilot project for youth employment (Bosnia and Poznan).
- A four day workshop for women councillors (Botswana).
- A housing scheme is planned for 300 low income families with guidance from UK local authority housing experts (Pakistan).
- Expert advice on waste management (Malawi).
- 250 housing units built, supply of drinking water provided for 5,000 people (Nicaragua).
- Due to civil unrest a UK local authority is raising funds to send food supplies but previously had helped to improve drinking water, sanitation and education facilities in Freetown (Sierra Leone).

CONCLUSION

We have, earlier in this memorandum, expressed some disappointment that local government's role is not given the degree of prominence in the White Paper which we believe it merits.

However, in a recent meeting at the House of Commons following publication of the White Paper, the Secretary of State for International Development stated that she saw the role of local government in international development work as "crucial". We are heartened by this acknowledgement, and pledge our support and commitment to achieve the White Paper's objectives, through effective partnerships at all relevant levels. The world faces enormous challenges in the 21st century. Local government, in particular in the towns and cities of the future, can make an enormous difference between failure and success. We are determined to play our part to achieve success.

APPENDIX 20

Memorandum from the Summer Institute of Linguistics

1. POVERTY FOCUS

SIL welcomes the fundamental focus of the White Paper, that of eliminating world poverty. Focusing British aid in this way enables a clear direction to be set for developing governmental/non-governmental partnership. It also sets the agenda in terms of concrete action together with the poor.

Several key phrases of the White Paper emphasise a positive view of working with the poor in changing their situation:

- sustainability, both in livelihood and in environment;
- emphasising *local* solutions to *local* problems (page 48);
- recognising the assets of poor people (page 11);
- encouraging participatory approaches to development (page 23).

These principles must remain at the heart of a poverty-focused strategy as partnerships and consistency are developed.

2. CONCERNS

Having made submissions prior to the publication of the White Paper, we limit ourselves here to comments on three areas which are in need of reinforcement.

(a) Education

We welcome the promise of an education policy document in which a more substantial treatment of this important area will be developed. Education of all kinds is strategically related to the principal theme of the White Paper, that is, eliminating world poverty. The development of human resources through education is the central element of a long-term policy of development. It is through education that poor people everywhere will be enabled to better take initiative, to direct and manage change and to create the links, locally and globally, which are a necessary part of development in today's world. The current government has made education its top priority within the UK and we would therefore expect a similar focus on human resource development as a central strategy in international development.

SIL, as part of the NGO Education Forum and of BOND (British Overseas NGOs for Development), would appreciate the opportunity to have input into the forthcoming education policy document.

Within this global approach to education, the place of adult learning receives only minimal treatment. While the White Paper in other places emphasises Britain's role within the framework of international agreements, no mention is made of the implementation through British aid of the Declaration of the Fifth International Conference on Adult Education (Hamburg, 1997). In view of the large need for adult education, which the White Paper supports with statistics, a clear statement on the government's desire to support adult learning opportunities and to explore new avenues of non-formal education would be a significant step forward.

(b) *Partnership with NGOs*

SIL welcomes the references to partnership with NGOs, while noting that these references remain general and will need further definition. We look forward to working with DfID:

- on "new ways of working with the voluntary sector" (page 22);
- in consultation on country development strategies (page 45);
- in developing partnership in development education (pages 46-47);
- in the promised Development Policy Forum (page 78).

While these initiatives are welcome and we look forward to specific partnership in the areas mentioned above, the White Paper does not spell out clearly whether the government recognises the comparative advantage of NGOs in working with the poorest groups. NGOs are in fact a strategic instrument of contact and co-operation with poor communities using flexible and diverse approaches in ways which official agencies are unable to attain.

(c) *Globalisation and diversity*

The White Paper clearly recognises the global context and the international framework within which development work takes place. At the same time, a focus on world poverty must result in a close attention to the actual conditions of poor people. It is a characteristic of the poor that they are often different from mainstream society—minorities, indigenous groups, women, remote, isolated and vulnerable groups. Many poor communities are culturally and linguistically distinct. It would be helpful if the White Paper recognised the need to accept and promote this diversity if local solutions are indeed to be made available to meet local problems. While the White Paper gives some attention to the necessity of sustaining bio-diversity, a similar statement with regard to cultural and linguistic diversity is missing.

The question of diversity also relates to the important topic of conflict, with which the White Paper deals. Recent experience with ethnic conflicts in developing areas of the world shows that peaceful solutions must be developed from a basis of recognition of difference and diversity and that little is achieved by ignoring or downplaying those factors. Working with diversity rather than against it can provide a secure cultural basis both for the resolution of conflict and for self-managing change and development.

17 November 1997

APPENDIX 21

Memorandum from CAFOD

1. INTRODUCTION

CAFOD welcomes the White Paper and the new and sharp focus it brings to international development within the priorities of the new Labour Government. In particular, we welcome the focus on poverty eradication and the concern for consistent policies relating to developing countries.

Within the context of this welcome, there are questions and points for clarification CAFOD, wishes to raise, and we offer these now to the IDC.

2. THE MESSAGE IS TARGETS, TARGETS, TARGETS

DAC targets, and in particular the reduction by half of the proportion of people living in extreme poverty by 2015, give direction to much of the Paper. CAFOD welcomes targets that are reachable and that focus efforts to end poverty. We raise the following questions.

- (a) How will progress towards targets be measured? Are there to be focus countries, target groups among the poor, or interim targets?

- (b) How can we be sure that, unlike the targets set for the various International Decades, we measure our success, and not just our failures?
- (c) We believe that process is as important as targets for outcomes. By what process will these targets be implemented?
- (d) Does the emphasis on measurable development outputs not need to be matched by measures of inputs? What are the targets for development spending, and when will we know them?

3. THE INTERNATIONAL FINANCIAL INSTITUTIONS, AND STRUCTURAL ADJUSTMENT PROGRAMMES

White Paper sections 2.8ff recognise the importance to the process of development of the IMF and the World Bank. But there is no where a critical appraisal of the impact of structural adjustment programmes on the poorest people. From SAPs Monitoring Projects in Zambia and Zimbabwe, CAFOD knows that it is these programmes that can make or break a country's chance for sustainable development. Rising costs for health care and education continue to trouble people as countries attempt to reduce public spending in line with IFI guidelines.

Unless DFID takes a fresh look at the continuing effects of SAPs, attempts to bring about sustainable development that has a real impact on the very poorest people will be incomplete.

4. FREE TRADE: GOOD DEVELOPMENT OR A FREE-FOR-ALL?

The White Paper is clear in its endorsement of the importance of increased trade with the poorest countries, but looks at only one way forward for world trade: the dismantling of all barriers to free trade. We ask what proof there is that the poorest countries will gain their fair portion of profits from trade within this dismantling? And what of the poorest people? The White Paper calls for codes of conduct to protect Third World Workers, but the support for core ILO labour standards is not closely enough tied to the enthusiastic commendation of free trade within the same section.

To strengthen the process of development, free trade must be fair trade, and the measure of fair trade is the effect it has on the poorest countries and their workers. Which way will Government policy lean: toward the reduction of trade barriers or toward the rights of the poorest workers?

5. THE PARTNERSHIP BETWEEN INTERNATIONAL DEVELOPMENT AND BRITISH BUSINESS

The sticky problem of how best to support the huge investments in developing countries from British business is tackled within Section 2.31ff. The Aid and Trade Provision is abandoned, but the plans for systems of mixed credits is less than clear. Section 2.35 claims that any possible abuse of mixed credits will be avoided by managing them within an agreed strategy and with the primary aim of poverty reduction rather than export subsidy.

It is difficult to imagine that real life situations would not be more complex than that simple formula suggests. Business interests will not closely coincide with the interests of development, and more detail might usefully be sought into the guidelines that will govern the day-to-day decisions when private investment and the needs of the developing countries overlap.

6. IN CONCLUSION

CAFOD realises the complexity of the issues the White Paper covers. Where questions remain as in some of the areas above, we hope that DFID will clarify the issues in time, where appropriate within a framework of consultation with NGOs and other groups working in the field of development.

For more information on CAFOD projects, or for specific evidence from our Structural Adjustment Monitoring Projects in southern Africa, please do not hesitate to contact the Public Policy Unit, CAFOD, tel: 0171 733 7900.

Betty East

Head of Public Policy

CAFOD

APPENDIX 22

Memorandum from the Export Group for the Constructional Industries

The Export Group for the Constructional Industries (EGCI) represents British-based civil engineering contractors working overseas, who have extensive world-wide experience of building sound development projects in the health, education, transport and water sectors, and in many others.

Since 1978, many of these projects have been supported by the Aid and Trade Provision (ATP), which has enabled Britain to promote hundreds of sound development schemes in over 50 countries, while bringing additional work to small and medium-sized suppliers and sub-contractors throughout the UK. The Export Group is concerned that the decision to abolish ATP may in practice mean that the UK will have no means of providing competitive financing in future for such projects, thereby abandoning the sector to foreign companies still legally enjoying tied aid support from their own Governments.

Nonetheless, the Export Group welcomes a number of the conclusions of the White Paper, in particular:

- The commitment to start to reverse the decline in UK spending on development assistance.
- The commitment to work with the private sector towards international development targets.
- The decision not to untie British aid unilaterally.
- The acceptance in principle of using mixed credits for selected infrastructure projects, within agreed country programmes to be drawn up in consultation with the private sector.

The Export Group has noted with some concern that the illustrative list of acceptable basic infrastructure projects (Panel 9) is largely confined to small-scale local activities. The Export Group hopes that the Government will not completely withdraw support from sound larger-scale development projects, when requested by partner Governments. Otherwise these projects will become the exclusive preserve of our competitors.

The Export Group looks forward to playing an active role in the consultation process outlined in the White Paper.

17 November 1997

APPENDIX 23

Memorandum from Christian Concern for One World

I warmly welcome the Development White Paper, its recognition that International Development raises far broader issues than that of Aid, and its determination that the poorest people must be given the highest priority. Having just returned from a visit to partners supported by Christian Aid and FAO in Ethiopia, I heartily endorse that.

I would ask the Committee to give its serious attention to three areas of concern:

1. THE MULTILATERAL AGREEMENT ON INVESTMENT

The wide-reaching effects of this agreement are too important to be left to the Department of Trade and Industry. If accepted without fundamental amendment, it could nullify all DFID's efforts. The Director of the Zambian Investment Centre, Bwalya Ng'andu, is quoted in the World Report on Zambia, which accompanied the Independent last Saturday: "One of the things I am going to insist on is that the legislation (governing inward investment) favours those companies that use locally-based raw materials." Such restrictions would be outlawed by the MAI, as would many attempts by the less developed nations to maintain standards affecting working conditions, human rights, and the environment.

MAI needs to spell out the responsibilities of multi-national companies, before enshrining their rights.

2. AID VIA THE EUROPEAN UNION

2.1 Thirty-eight per cent of the UK aid budget is to the CEC aid programme. The Maastricht Treaty set out these objectives for EU aid-sustainable development, the eradication of poverty and the integration of the developing countries into the world economy. Yet the proportion of CEC aid going to the poorest is falling—it dropped from a half to a third between 1990 and 1995.

2.2 EU Aid administration is fragmented and the staff over-stretched. One I met in Brussels told me that he must disburse 500 million eco a day or fall behind. It is easier to expend budget in large wads to the better-off. The poorer can only absorb smaller amounts, so more care needs to be taken if the objectives of the White Paper are to be met.

2.3 A single annual report of EU aid programmes should be published, so that some overall picture can be scrutinised.

2.4 These are matters which should be addressed during the UK Presidency.

3. BUILDING SUPPORT FOR DEVELOPMENT

The White Paper recognises the need for wider understanding not just of the facts of world poverty but about the causes of inequality. If this is to happen, it needs resources allocated to it, even if that means that less is directly available for aid. Other governments allocate 10 per cent of their aid budgets to this. Those I have met in the South have heartily endorsed the *raison d'être* of this small ecumenical trust which is to raise awareness rather than funds. Changes in the structural relationship between the North and South, such as debt cancellation, will reduce the need for aid. Indeed aid is not aid if all it does is to redress the disadvantages built into the world's trade and financial system.

Christopher Hall

17 November 1997

APPENDIX 24

Memorandum from Save The Children

INTRODUCTION

1.1 Save the Children broadly welcomes the new White Paper—the first on the subject for 22 years—with its emphasis on poverty elimination, sustainable development, human rights, gender and partnership. In particular we are delighted to see explicit acknowledgement of children's rights within the White Paper including a commitment to:

“Support international efforts to enhance children's well-being through implementation of the Convention of the Rights of the Child, promoting children's protection and participation alongside the provision of effective and sustainable services.”

We also welcome the recognition that aid is only one aspect of the UK's relationship with poor countries which has an impact on their development. This has important implications for many other areas of government policy including trade, investment, agriculture, defence, security, finance and the environment. Undoubtedly the greater consistency of these policies will increase the likelihood of reducing poverty if there is genuine commitment across all government departments. Proposals to involve a wider constituency in monitoring the progress of implementing the White Paper are also to be welcomed.

1.2 Despite our overall appreciation of both the contents of the White Paper and the manner in which it was prepared, there remain however a number of specific areas where Save the Children has some outstanding concerns.

ISSUES

The Role of the Voluntary Sector

2.1 The very deliberate broadening by government of its search for effective partners, and the attempt to create a wider constituency for development, is very welcome. This was, in fact, what the Joint Agency Group on Aid recommended in 1996. Nevertheless, the treatment of the Voluntary Sector in the White Paper is surprisingly perfunctory, incomplete and a little confusing, viz:

2.40 The Government wishes to strengthen its partnership with voluntary charitable and non-profit making organisations. We plan to work in alliance with them to win stronger public and international support for poverty elimination and sustainable development. We also plan to work in complementary ways in partnership countries and to support their efforts in non-partnership countries.

2.41 The Government intends to continue to support British voluntary agencies through the Joint Funding Scheme and the Volunteer Programme. We have agreed to discuss with them how to reorient these arrangements in the light of our new policies, in particular with the objective of strengthening capacity within developing country non-governmental organisations. In pursuit of these partnerships the Government intends to work closely with organisations within the UK which can reinforce these efforts, including the British Council which is a key partner in developing and implementing programmes in many countries.

2.2 These paragraphs—brief though they are—do of course read positively and undoubtedly DFID intends them as an indication of good faith. However, the emphasis on certain types of activity—development education—rather than others, and the open ended phrasing, have caused some concerns. It is felt that the strength and legitimacy of the voluntary sector in raising awareness and building support for development are inadequately acknowledged, let alone the importance of the sector in programming. This suggests that the sector

may have to consider how to strengthen its arguments for the full range of its activities, and impress upon DFID the unique history, strength and vitality of the UK voluntary sector in comparison with other countries.

The Economic Model

2.3 Emphasis in the White Paper is placed on developing economic policies which will benefit the poor. The dominant model of development based on a “belief in a minimalist state and unregulated market forces which failed to secure economic growth and led to inequalities across the world” is described as “flawed”. Nevertheless there is no real challenge to the current model and no detailed exposition of what constitutes pro-poor economic growth. As there is little questioning of the current approaches of the international financial institutions through the rest of the document, it would have been valuable to have seen more analysis of what particular aspects of the current model are flawed. This gap suggests an underlying inconsistency in the document, given that these other institutions largely still adhere to it. This is an area where Save the Children intends to devote attention during the coming months, with particular reference to outcomes for children from macro-economic choices.

Quantity

2.4 There is a commitment in the White Paper to “provide the necessary resources for the development programme . . . to start to reverse the decline in UK spending on development assistance and reaffirms the UK’s commitment to the 0.7 per cent UN target”.

2.5 For the next two years DFID will be constrained, like all government departments, by the limits imposed on all spending. Further discussion of this issue is therefore likely to be deferred, although there will be undoubtedly be reallocations within the existing budgets. Save the Children will be monitoring shifts within the current limits and preparing strong arguments in anticipation of debates over a larger aid budget in two years time. At the same time however the current trends in all aid spending—and particularly those highlighted in the White Paper—make it more difficult to spend aid effectively with measurable impact. It will be important to ensure that increased aid spending goes along with clarity about how resources should be spent.

Consistency

2.6 As noted above, Save the Children welcomes the importance being placed on the consistency of “four vital sets of issues”:

- the environment;
- trade, agriculture and investment;
- providing political stability, social cohesion and responding effectively to conflict;
- promoting economic and financial stability.

The promotion of the development portfolio to cabinet status has also increased the potential for development issues to be considered in conjunction with these issues. The White Paper is of course a government statement of intent rather than a departmental one and therefore we know that the text on this subject has been approved by the appropriate departments. However, the way in which this consistency will be achieved is unclear. No mechanisms have been created or are described; whilst some inter-departmental relationships are good, others are as yet problematic—for example with the DTI. More systematic techniques for monitoring the effectiveness of this consistent approach will have to be evolved.

Research

2.7 The White Paper correctly identifies the issue of building local capacity for research in the countries in which DFID works. It also emphasises the immense importance of research in the fight against poverty.

2.8 The paper, however, fails to acknowledge the role of a wide range of institutions in contributing to research agendas and the role of NGOs in researching new and innovative strategies to eliminate poverty. It is through the linking of a range of players in research activities that solutions will be found. There is also a need to radically change the “consultancy culture” which permeates the research industry and acknowledge the importance of process and ownership in all research activities.

Disaster and Emergencies

2.9 The box on this issue places it firmly in the development context in a manner essentially in keeping with Save the Children’s approach. It might be construed as being a deliberate repudiation of the more muscular modes of humanitarianism. The emphasis on co-ordination, capacity building, disaster preparedness and prevention is welcome. While welcoming a more co-ordinated approach to the UK’s response to disasters

overseas, further clarification is required on what mechanisms are envisaged and who the players are within the “public and private sectors”. Does this, for example, include a greater role for the armed forces?

2.10 The phrasing relating to “a code of ethical conduct for organisations involved in humanitarian work” would also benefit from some clarification. Save the Children is an integral part of the body which has recently produced a Code of Conduct and is producing minimum technical standards. We are concerned that the emphasis on the food sector is purely on agricultural production and hope that the food aid review will look at the broader issues of commitment to the provision of food aid, a special reserve for emergencies and better use of and accountability in food aid.

The Rights of the Child

2.11 The inclusion of a comprehensive box of text on this subject is very welcome. We look forward to the opportunity to work closely with DFID on their commitment to this key area.

Human Rights

2.12 The White Paper contains an interesting section on human rights which gives welcome emphasis to socio-economic rights alongside against civil and political rights. However, it is questionable whether this is then reflected in the rest of the paper which appears to adopt what Save the Children sees as a more traditional “needs-based” approach rather than the “rights-based” approach we might anticipate. If the targets for eliminating poverty, for example, are linked to creating an environment in which the right of people to an adequate standard of living is respected then the aspirations of the White Paper will be brought much closer much sooner.

Gender

2.13 One disadvantage of covering important topics by thematic “boxes” is that it may result in a failure to make connections with other parts of the text. This problem is demonstrated in the case of the treatment of gender. Women’s inequality, for example, can have a detrimental impact on their children and this linkage with children’s development is not explored at all.

Partnership with Governments

2.14 The emphasis on government partnerships within the bilateral programme is welcome but fails to address the problems which have beset such partnerships in the past. Whilst the intention is to “move beyond the old conditionalities of development assistance” (paragraph 2.19) is welcome, the move to “providing resources more strategically . . . where we have confidence in the policies and budgetary allocation process” (paragraph 2.21) lacks conviction. It has proved hard for donor governments to put good intentions based on the principle of equal partners into practice precisely because of the institutional weaknesses of the recipient countries. The tendency of donors to take over from their partners—prompted by a concern for effectiveness—seriously undermines the principle of partnership. The good intentions are once again espoused but unless partnership is viewed as an objective to be achieved rather than a basic ground rule it is not clear how the situation will differ from the present.

Development Education

2.15 The clear commitment in the chapter *Building Support for Development* to increase public understanding of inequality, and the dangers arising from failure to act, is warmly welcomed as is the suggestion to improve coverage of development issues in the school curriculum, and the establishment of a working group to advise on the promotion for greater awareness of global issues amongst the British public. These are incontestably positive proposals. However the relevant paragraphs (4.1 to 4.4) suggest either optimism or naivety about how this will be achieved. Providing facts alone (4.2)—whilst clearly a prerequisite is not necessarily effective (viz Health Education Authority campaigns on drugs and tobacco).

However, SCF is convinced that attitude shifts can be achieved given the right mix of social marketing. Crucially this will involve an objective in reversing a current trend of declining coverage of international issues in the most potent of media, television. The required changes with school curriculum will require co-ordination with relevant bodies, and government departments and could benefit from inputs from the NGO sector which has extensive and trusted practical experience of both resources and curriculum development.

In attempting to meet the White Paper aspirations of raising public awareness, Save the Children recommends improved partnerships between the corporate sector and government, and the NGO sector. All three have the experience, skills competency and limited resources. Working together they could make a definitive impact on public opinion in support of development, human rights and, in particular, the needs and rights of children.

Conclusion

3.1 The aims and commitments of the White Paper are laudable. In most of the areas in which Save the Children has experience the objectives appear sound and are close to Save the Children's own practice. The section on "Essential Health Care", for example, speaks of reducing poverty, improving health and preventing disease by working with communities and governments. However, these aspirations must now be supported by effective strategies for *implementation* which will require substantial investment in people and systems. Practical measures will have to be spelt out if there is to be measurable impact, particularly in the poorest parts of the world.

APPENDIX 25
Memorandum from the CBI**INQUIRY INTO THE DEVELOPMENT WHITE PAPER**

The Committee has invited comments on the Development White Paper from those with an interest in the issues it covers.

The CBI has been engaged in discussions with the Department for International Development (DFID) for some time before the White Paper's publication. It welcomes the recognition given in the White Paper to the positive role that business plays in supporting development and also to the public/private sector partnership approach. It believes this approach is important in trying to secure long-term, sustainable economic growth in developing countries and that the emphasis on the promotion of effective governmental and legal frameworks and sound economic management in such countries is vital for the future. In addition the CBI strongly welcomes the recognition of the importance of the integration of even the poorest countries into the multilateral trade regime. It looks forward to working with the Government in the areas identified in the White Paper to find the best ways to promote sustainable development.

The CBI also supports the White Paper's highlighting of the principle that ethical business is good business in every sense. It believes that the concept of promoting best practice amongst companies and the development of voluntary guidelines are already widely accepted.

The CBI strongly welcomes the Government's commitment not to untie British bilateral aid unilaterally, but to seek to secure any changes in this area on a multilateral basis (a point also made in its recent report by the Export Forum). Whilst regretting the demise of the Aid and Trade Provision, the CBI welcomes the maintenance of mixed credit arrangements within agreed country programmes and in relation to both strategic and sectoral priorities. This flexibility in the aid budget is essential and the CBI will monitor these arrangements in practice.

The White Paper covers many aspects of DFID's responsibilities and proposes a number of new initiatives. The CBI will be studying these carefully and looks forward to continuing its contacts with the Department on all aspects of the White Paper. It fully endorses the need for a positive framework for partnership between the legitimate concerns of business and the objectives of Government and believes the White Paper has made an important contribution towards reaching that goal.

Andy Scott

Director

Manufacturing and International Directorate

14 November 1997

APPENDIX 26
Memorandum from Saferworld

Saferworld warmly welcomes the publications of the White Paper—the first White Paper on the subject of international development since 1975. And we welcome the decision of the Select Committee on International Development to conduct an inquiry into the White Paper.

Saferworld made a detailed submission to the Department for International Development (DFID), copies of which were forwarded to the Select Committee. This submission focused heavily on the issue of conflict and

development, with a particular focus on 1) conflict prevention, 2) good governance, 3) arms exports, 4) levels of military spending and 5) coherence.

Our assessment of the White Paper is again focused around these areas.

1. CONFLICT PREVENTION

1.1 It is extremely welcome that the White Paper contains a section on conflict prevention, entitled "Responding effectively to conflict". This is a powerful analysis of the links between violent conflict and underdevelopment. The paper also includes a number of proposals for strengthening the Government's conflict prevention effort. The White Paper states that:

"The promotion of a peaceful and stable world is a key element of British international policy. Political stability both within and between states is a necessary pre-condition for the elimination of poverty. Half of the world's low income countries are suffering, or have just emerged from, serious conflicts. Today there are some 28 major and more than 100 minor armed conflicts affecting some 70 countries" (3.48)

"Violent conflict generates social division, reverses economic progress, impedes sustainable development, and results in human rights violations. Large population movements triggered by conflict threaten the security and livelihoods of whole regions." (3.49)

"Conflict prevention is therefore crucial to combat poverty and reduce suffering . . . Understanding the causes of conflict, and helping build the will and capacity of state and civil society to resolve disputes non-violently will be central to our international policy. To achieve this, we shall deploy our diplomatic, development assistance, and military instruments in a coherent and consistent manner." (3.50)

"We support the proposed EU programme on curbing illicit trafficking in conventional arms . . . We shall seek to discourage excessive military expenditure in developing countries." (3.55)

1.2 Saferworld believes that the Government should:

- *bilaterally, and through the EU and the IFIs, support inclusive forms of economic and social development.* In general, societies in which people feel they have a stake in the economic system are less prone to conflict than societies in which large numbers of people are cut off from the social and economic mainstream. Similarly, societies able to provide basic social services, such as education, health, clean water, etc., are more likely to be peaceful, than ones in which central government is unwilling or incapable of providing such services. Employment, too, has a crucial part to play in the avoidance of civil conflict and the maintenance of social stability. It is especially important to prioritise employment opportunities and the rapid establishment of social services in post-settlement reconstruction, in order to demonstrate the dividends of peace. If young men and women's reality is cheap weapons, no job, no education opportunities and few positive role models, then violent crime may become an attractive option.
- *move quickly towards the implementation of the UN 20/20 compact.* This requires developed countries to devote 20 per cent of their aid budgets, and developing countries 20 per cent of central government expenditure, to spending on basic needs.
- *increase the resources devoted to overseas development assistance.* The White Paper states, "We are committed to reversing the decline in the British development assistance budget and to the UN target of 0.7 per cent of GNP." (4.9) The Government should make steady progress towards this target during this Parliament.

2. GOOD GOVERNANCE

2.1 While we welcome the Government's emphasis on good governance in the White Paper, it is such an important issue that it warrants both greater attention and additional resources. As Baroness Williams of Crosby pointed out, during the recent House of Lords debate on the White Paper (10 November), "*We pour many millions of pounds into creating free markets, but we pour only the crumbs from the rich man's table into the creation of efficient accountable and responsible governments . . . Yet we know that that is crucial to the creation of an effective battle against poverty.*"

2.2 Policies for supporting good governance are also a crucial part of conflict prevention. Societies with weak political institutions, no free press, and no commitment to the rule of law are particularly at risk of violence. In more stable societies one of the key functions of political institutions is to manage tension and conflict and to resolve differences peacefully, in accordance with established procedures and rules. Where these institutions are absent or ineffectual, or where the state is irredeemably corrupt, groups with a grievance have no faith in the capacity of the system to help them. In a very direct sense, therefore, they take the law into their own hands. This is most acute in what are described as "failed states", such as Somalia, Liberia and Sierra Leone, where the country is effectively controlled by warlords and gangsters.

2.3 Saferworld believes that the Government should:

- *give increased priority to good governance and the building up of effective, accountable and participatory political structures.* Given that both DFID and the FCO are involved in good governance work, it is important that the Government develop a coherent, cross-departmental strategy for the promotion of good governance as part of its overall international policy.
- *use a proportion of its development assistance budget to support local NGOs, free trade unions and independent media. An independent media is essential for exposing corruption and, more generally, for holding governments to account.*

3. ARMS EXPORTS

3.1 Under the Government's new guidelines for arms exports, DFID has been given a role in the arms export licensing process. However, this new role is not mentioned in the White Paper. Neither is the Government's commitment to a European Code of Conduct on arms sales, although arms exports are clearly a developmental as well as a security and foreign policy issue.

3.2 It is welcome, however, that the White Paper does state: "*We support the proposed EU programme on curbing illicit trafficking in conventional arms. We shall complement our own moratorium on the use and bans on the import, export, transfer and manufacture of anti-personnel landmines with vigorous efforts to secure the widest possible, permanent global ban, and continued support for mine clearance programmes.*" (3.55) We welcome, too, the clear commitment given by the Secretary of State for International Development that under no circumstances in the future will aid be linked to arms sales.

3.3 However, to move the agenda forward in this area, Saferworld believes that DFID should:

- *assess all arms export licences to developing countries, and judge whether particular contracts are consistent with the Government's development objectives towards that country, and establish a specific unit within the Department to undertake this analysis.* The Government is committed to producing an annual report on strategic exports. DFID should be closely involved in the drawing up of this report, in respect of those countries which are major recipients of UK development assistance.
- *ensure that the Government's proposed European Code of Conduct on arms sales makes clear reference to the developmental impact of arms sales, and prohibits sales which would be damaging to development efforts.*
- *take further action to tackle the problem of illicit arms trafficking.* The EU programme on illicit arms emphasises the importance of taking concerted action to assist other countries in controlling arms flows in or through their territory. The UK should do more to help build up the capacity of governments to control arms flows in regions of conflict. Suitable areas for assistance could include training and resources to improve border controls, customs, police, national communications systems, and resources for the verification of surplus or confiscated arms and ammunition. The UK government should also seek to improve co-operation and co-ordination among the intelligence and customs and law enforcement agencies of the EU on illicit trafficking of arms.

4. MILITARY SPENDING

4.1 Few things are more damaging to development than excessive levels of military spending. Money spent on the military is money that could be spent on education, health and other essential social services. While developing countries are, of course, entitled to self-defence, the amounts spent on the military by many developing countries may exceed what is required for this purpose. This was acknowledged, as recently as June this year, in the Communiqué of the G8 summit in Denver. As the Prime Minister made clear during his statement to the House of Commons on the outcome of the summit. "*We (the G8) emphasised the importance of not wasting money on unproductive, especially military, expenditure.*"

4.2 A reduction in military spending on the part of developing countries, and the use of the released resources for investment in human development, could reap huge dividends in development terms. UNICEF has estimated that an additional \$40 billion a year could ensure access for all the world's people to basic social services such as health care, education and safe water. This year's State of the World's Children's Report notes, "*Two-thirds of this amount could be found by developing countries if they realigned their own budget priorities. Redirecting just one quarter of the developing world's military expenditure— or just \$30 billion of £125 billion— for example, could provide enough additional resources to reach most of the goals for the year 2000.*"

4.3 Lower levels of military spending would also help expedite progress towards the international targets for poverty elimination, drawn up by the UNDP and the OECD. These call for a halving of world poverty by 2015, and they occupy a central place in the Government's Development White Paper. It is therefore welcome that the White Paper states: "*We shall seek to discourage excessive military expenditure in developing countries by helping further to develop the OECD Agenda for Action, and encouraging the international financial institutions to focus on this issue in their policy dialogue with developing countries.*" (3.55)

4.4 Saferworld believes that:

- *the Government should push this agenda internationally, for example, within the EU, the OECD, the World Bank and the IMF. The Chancellor, Gordon Brown, has already indicated, in his speech to the Commonwealth Finance Ministers Meeting in Mauritius in September, that the UK will not be giving export credits for poor, highly-indebted countries to purchase unnecessary military imports, including excessive military imports. The Government should explore whether it is possible to multilateralise this initiative, linked to further levels of debt reduction.*

5. COHERENCE

5.1 The chances of the Government achieving its development goals will be enhanced by much greater coherence in the Government's overall international policy. This point has been acknowledged explicitly in the White Paper. *"There is a complex web of environmental trade, investment, agricultural, political, defence, security and financial issues which affect relations with developing countries . . . To have a real impact on poverty we must ensure the maximum consistency between all these different policies as they affect the developing world. Otherwise there is a risk that they will undermine development, and development assistance will only partly make up for the damage done."* (3.1)

5.2 However, to achieve real coherence some further reforms are required. Saferworld believes that:

- *the Secretary of State for International Development should be appointed to the Defence and Overseas Policy Committee of the Cabinet (DOP). The Government cannot pursue a genuinely coherent international strategy when the development perspective is absent from the Cabinet Committee that deals with Britain's international relations;*
- *DFID be closely involved in the remaining stages of the Government's strategic defence review, given the clear link between underdevelopment and armed conflict;*
- *the Government should introduce a conflict impact assessment that would identify how the full range of UK development, trade, defence and foreign policies increase or decrease the risks of violent conflict in vulnerable countries. This approach should also be applied to the work of regional and international institutions such as the EU, the OAU and the UN;*
- *the Government should ensure that aid for economic and social development is integrated from the outset with support for demobilisation and demilitarisation, in circumstances of post-conflict reconstruction. Too often in the past, in post-conflict situations, the provision of development assistance and aid for reconstruction has been carried out quite independently of assistance programmes for military demobilisation. In fact, the development community in the US, in the EU and elsewhere, has long sought to maintain a strict separation between development and security assistance. And yet, countries with high levels of insecurity or violence typically cannot make effective use of economic or social development assistance. In these countries, measures to tackle security problems are a priority. A "Security First" approach to international assistance is then likely to be appropriate, in which assistance to promote security, demobilisation and disarmament are integrated from the outset with economic and social development programmes.*

APPENDIX 27

Memorandum from Marie Stopes International

SECTION 1: THE CHALLENGE OF DEVELOPMENT

Marie Stopes International (MSI) welcomes the fact that the new Labour Government has adopted the target to halve the proportion of the world's population living in extreme poverty by the year 2015. Marie Stopes International fully endorses the White Paper's acknowledgement that high rates of population growth can hinder sustainable development and accelerate environmental degradation. We also welcome the recognition that economic growth must outstrip population growth if it is to have any effect. MSI would however like to see more emphasis placed in the White Paper on access to family planning; reduction of maternal mortality and morbidity; and a recognition of sexual and reproductive rights.

MSI believes that family planning services should be appropriate, affordable and accessible. MSI agrees with the international development target set out in *Panel 4* that access to reproductive health services should be attained through the primary health care system for all individuals of appropriate ages by the year 2015. However MSI believes that alternative mechanisms for the delivery of reproductive health services exist outside the primary health care system, for example, mobile and outreach programmes to ensure access in rural and peri-urban areas, and contraceptive social marketing which uses commercial and marketing techniques to promote and sell contraceptives at subsidised prices in retail outlets. MSI has successfully pioneered mobile

outreach and contraceptive social marketing programmes in a number of developing countries with favourable results.

MSI would welcome the inclusion of sexual and reproductive rights in the section on Human Rights and Development (*Panel 1*). The Programme of Action of the International Conference on Population and Development (ICPD), which was signed by 180 countries, represents an international consensus on the support of reproductive rights, recognising “*the right of couples and individuals to decide freely and responsibly the number and spacing of their children, and to have the information and means to do so*”. MSI considers these rights as key in themselves, and as an important way of attaining other rights.

SECTION 2: BUILDING PARTNERSHIPS

In *Panel 8*, it is true that “more and more people want to plan their families”, however MSI believes that the White Paper under-estimates the scale of the unmet need for family planning. UNFPA’s “State of World Population 1997” report estimates the number of couples worldwide who lack information about contraception and access to family planning services at 350 million, and not at 150 million as stated in *Panel 8*.

Marie Stopes International believes that the real barriers to increasing the uptake of reproductive health services are no longer lack of knowledge or low demand, but rather limited access to a full range of quality services, particularly family planning. Therefore MSI would like to see more emphasis in *Panel 8* not just on pregnancy and childbirth, but also on improving access to family planning, in particular for under-served groups such as adolescents, men and refugees and displaced persons.

With regard to maternal health, MSI welcomes the importance attached in the White Paper to improving access to obstetric units, however we would like to see an acknowledgement by the Government to the 70,000 women who die annually as a result of unsafe abortion, in addition to the much larger number of women who suffer infection, injury and trauma. We would like a commitment by the Government to reduce the incidence of unsafe abortion through improved access to safe and effective means of contraception, and to manage the complications of unsafe abortion.

Multilateral Development Assistance

MSI welcomes the fact that the UK Government will endeavour to use its influence to ensure that multilateral agencies such as the UN, World Bank and EU subscribe to poverty elimination targets. MSI shares the concerns of many NGOs that UK aid channelled through the UN and EU is not being disbursed effectively. MSI would like the UK Government, during its Presidency of the EU, to press for concrete changes in EU aid management, namely: closer liaison between DGIB and DG VIII; increased staff in the European Commission with expertise in social development issues and a rationalisation of EU budget lines open to NGOs.

Partnerships with NGOs

The ICPD Programme of Action recognises the important role that NGOs can play in development, particularly in the provision of sexual and reproductive health care. It emphasises the need to actively involve NGOs and grass roots organisations in the design, implementation and monitoring and evaluation of programmes in these areas. MSI is concerned that the White Paper does not sufficiently endorse the important role that NGOs can play in the delivery of quality cost-effective programmes in developing countries. The UK has a strong tradition of civil society working in close partnerships with Southern NGOs. It is key that the White Paper recognises the catalytic, pioneering roles of NGOs, and reflects a commitment to seek close partnerships with NGOs.

SECTION 4: BUILDING SUPPORT FOR DEVELOPMENT

MSI welcomes the importance attached by the Government to raising public awareness of development issues in the UK, particularly among children. We fully endorse the proposal to establish an annual Development Policy Forum and to introduce a new International Development Act. On the issue of financial resources, MSI welcomes the commitment to reach the UN target of 0.7 per cent, however we would like to see an implementation plan and time-table setting out the progress for meeting the UN target.

With particular regard to reproductive health care, it is vital that governments worldwide take the necessary steps to ensure that ICPD commitments are honoured. The ICPD Programme of Action estimates the cost of providing reproductive health services, family planning, STD/HIV/AIDS prevention programmes and population data collection and analysis, policy development and research at some \$17 billion annually in the year 2000. This is less than the world spends every week on armaments. Developing countries are expected to bear up to two-thirds of the costs themselves, and governments are urged to devote an increased proportion of public sector expenditure to the social sectors. Donor countries have only fulfilled a third of their commitment.

The UK Government has a key role to play in mobilising resources for sexual and reproductive health care not just by increasing the volume and effectiveness of its own aid programme but also by acting as a catalyst to ensure that multilateral donors, such as the EU and UN, are also effective. MSI would like these responsibilities to be reflected more strongly in the White Paper.

APPENDIX 28

Memorandum from the Council on Economic Priorities Accreditation Agency

INTRODUCTION

The Council on Economic Priorities Accreditation Agency (CEPAA), welcomes *Eliminating World Poverty*, the White Paper on International Development.

CEPAA recognises the significance of this document; we hope the committee will scrutinise it fully and accept oral evidence on the issues that the Paper raises.

The Committee will undoubtedly recognise the role that business has to play in eliminating world poverty. We would hope that other departments, such as the Department of Trade and Industry, are actively involved in the realisation of the aims published in *Eliminating World Poverty* rather than merely expressing support.

As we near the fiftieth anniversary of the Universal Declaration of Human Rights, CEPAA would hope that the Select Committee (possibly in conjunction with the DTI Select Committee) will conduct a comprehensive inquiry into ethical/socially responsible trade.

Purpose of this Submission

CEPAA is submitting this memorandum, having worked closely with other organisations (business, NGOs and certification agencies) on the development of a new, global, social accountability standard, SA8000, which covers health and safety, working conditions and child labour. (SA8000 is based on conventions of the International Labour Organisation, the first auditable social accountability standard—a full explanation can be found in the Annex.)

In the development of this standard, we carried out a number of pilot audits¹ in various countries. In this submission, we will share some of the insights auditors and others have gained into the problems faced by workers on the factory floor. We believe that this information will be valuable to the Committee in assessing the viability and impact of the White Paper's proposals. (More information is available to the Committee if needed.)

We would like to bring key sections of the White Paper to the committee's attention.

"The aim of developing the first global standard for social accountability, was to provide a clear framework which reputable companies like ourselves can audit to; from which manufacturers can set minimum standards and demonstrate best practice; for purchasers and buyers to evaluate their suppliers; and give the general public confidence in the ethical production of the products they buy." Jeff Horner, Corporate Director of SGS ICS.

THE WHITE PAPER

Human Rights Abuses

We welcome the commitment to develop partnerships with the UK private sector and work with British business to strengthen support for investment and trade, set out in section two (see 2.31 and 2.36). It is vital that the Committee fully appreciates the positive role business can play.

Inter-linked with the elimination of world poverty must be the eradication of human rights abuses. On a global scale, the business world, rather than the UK Government, has the power to improve the working lives of the poor.

"We will make the protection and promotion of human rights a central part of our foreign." Labour manifesto, 1997.

The Supply Chain

We endorse the view set out in 2.38: "There is a growing understanding that ethical business is good business in every sense . . . as individuals and organisations look at how their savings, investments and purchasing decisions impact on the lives and rights of producers, suppliers and workers in developing countries."

¹ Pilot audits are still being undertaken, as SA8000 is refined to ensure that it is completely workable, across the world and all industries.

The Committee needs to recognise both the fast growing consumer interest in ethical trade and demand for clean supply chains, and the business world's response.

Some businesses clearly understand their obligations. B&Q, for example, has invested heavily in a programme working with the local community in the Philippines, where divers reduce their life expectancy by diving for capiz shells without proper equipment (generally they dive using just a compressor and a hose pipe—divers often die before the age of 30). The DIY chain is trying to rectify three issues; the health and safety of the divers, the health and safety of the capiz lamp cottage-industry workers and the environmental effect of over-harvesting. This company recognises its responsibilities.

CEPAA recognise that there is both a positive and a negative role played by business. We recognise the need for certain practices to be challenged and changed.

We believe ethical sourcing is a women's issue.

In Mexico's Maquiladora Sector it is common for women to be made to indicate on their application if they are pregnant and to have a pregnancy test before they are taken on at factories. Pregnant women are rarely hired. The reason is simple, Mexico's federal employment law gives generous maternity provisions—although it is not unusual for these laws to be completely ignored. If a female worker becomes pregnant she may be "forced" to resign. There are also reports of female workers being fed "vitamin pills" which are actually oral contraceptive. If proven, this is a clear violation of human rights.

"While I was conducting a pilot audit in Mexico, I was shocked to see included in a job contract a clause about pregnancy. Of course I had read reports and spoken to trade unions who had warned me about this form of gender discrimination, but it really hits home when you see it for yourself". Deborah Leipziger, Director of CEPAA UK.

However, 2.38 overlooks the fact that appalling conditions are not confined to developing countries; conditions in some "western" factories do not adhere to basic health and safety standards.

Nurturing Stability

In section three, 3.50 comments that diplomatic, development assistance and military instruments shall be deployed to "spread the values of civil liberties and democracy . . . protect and promote the full enjoyment of all human rights". While CEPAA recognise that this sub-section centres on the role that conflict prevention plays in minimising poverty, we would emphasise the important role of business. Economic development, the development of commercial activity would assist in the prevention of conflict, nurturing stability.

Annual Development Policy Forum

CEPAA welcome the inclusion of the private sector, along side NGOs, in the new discussion forum, the Annual Development Policy Forum (4.5). We submit that in all such initiatives it is of the utmost importance to involve business fully in policy formulation.

Real life

In practical terms, apart from the Government, it is business which will either support, or otherwise, the implementation of international development policy. Business has a unique insight into what is and is not currently viable in real life situations.

As a brief example, childcare provision might seem a secondary issue when considering child labour, but the two are integrally linked. Women workers, because there is no childcare provision, take their children to work with them. The result is as the children are in the factory they are put to work. If motivated, a British company, recognising the problem, could take the simple step of removing young children from the factory floor and providing childcare facilities.

Motivation

This raises the issue of motivation. The nature of business is such that actions in themselves are rarely purely altruistic. In fact, to the public at large, businesses that are unethical seem to prosper, increasing their share price, profits and bonuses.

We believe that it is important that consumers are encouraged to ask questions about the production of goods. We look forward to DfID raising consumer awareness of poverty and the associated issues, incorporating social accountability.

To this end, the establishment of an award scheme to recognise private sector companies who have made a particular contribution to sustainable development (2.39) will be beneficial to British business.

However, it is our belief that proper scrutiny of the supply chain from sources external to the company is of considerable significance. Independent verification helps to protect workers. Therefore, we welcome the commitment, in 3,39 to work for “the world-wide” observance of core labour standards for all workers’ and the support of the development of UK codes of conduct and voluntary local codes in developing countries.

This is a step in the right direction. However, from the audits carried out for CEPAA it is clear that one standard covering labour standards is necessary, ensuring both industry and consumer understanding and recognition. Put simply, a multitude of codes covering individual aspects, however important, will not help Government, business, consumers or producers/workers—it will neither satisfy nor provide meaningful information for any stakeholder.

“SA8000 is an important mechanism for bringing business practice into line with the values of society—which is vital to corporate reputation today. In auditing elements other than the financial bottom line, it will for the first time, give real meaning rather than lip-service, to the concept of “stakeholders””. Sir Geoffrey Chandler, Chairman of the Amnesty International UK Business Group.

CONCLUSIONS

British business can help achieve the aims of the White Paper. However, CEPAA submit that it would be valuable for the Select Committee to hold a comprehensive inquiry into ethical trade and social accountability, (possibly in conjunction with the Department for Trade and Industry Select Committee).

Clearly, in one memorandum, the issues cannot be extensively considered.

CEPAA has set out the power of business to affect the lives of every community. We have asserted that business can act in a manner Government cannot; business deals with the day to day problems. Business can act more quickly and directly than Government, acting to improve situations on the ground, at the root of a problem.

CEPAA has raised the question of incentive/motivation which the Committee may like to consider further.

In the environmental field, standards have proved to be effective at changing corporate practice. CEPAA submits that standards have the potential of achieving similar, or better results, in the field of international trade and development. The Committee may conclude that regulation, binding business to ethical practice in the production process, is necessary.

CEPAA would like to see transparency in business activities. We would like Parliamentarians, particularly those interested in international development, to consider methods to ensure greater transparency.

Members of the Select Committee might like to attend a pilot audit to gain greater understanding of our work.

ANNEX

What is the Council on Economic Priorities?

The Council on Economic Priorities was set up in 1969. It is a New York and London based public research organisation. CEPAA is an affiliate of the Council on Economic Priorities (CEP), a New York public service research organisation founded in 1969 with a European representative in London.

CEP is dedicated to accurate and impartial analysis of the social and environmental records of companies.

The advisory board of the CEPAA comprises a wide range of individuals from companies, NGOs, trade unions and accountancy and certification bodies. These include individuals from Avon Products, The Body Shop, Toys “R” Us, Sainsbury’s, SGS-ICS and the International Textile, Garment and Leather Workers’ Federation (Belgium). (See full list of advisory board members attached).

SA8000

SA8000 is based on conventions of the International Labour Organisation (ILO), the Universal Declaration of Human Rights and the UN convention of the Rights of the Child. In addition, companies must comply with national and other applicable law.

The purpose of the standard is defined as enabling a company to:

- develop, maintain and enforce policies and procedures in order to manage those issues which it can control or influence;
- demonstrate to interested parties that policies, procedures and practices are in conformity with the requirements of the standard.

The first accredited certifications of SA8000 are anticipated in Spring, 1998. Companies such as Avon and Toys R Us intend to apply for certification of their factories and encourage their suppliers to do likewise.

Roger Cowe, writing in *The Guardian*, commented that SA8000 has broken new ground "by demanding that companies pay decent wages and that all factories which subscribe to the code should be independently audited".

APPENDIX 29

Memorandum from African Foundation for Development (AFFORD)

Our Mission is: to engage Africans (and their organisations) outside Africa directly with organisations involved in processes of development in the continent: improve the skills and abilities of African people's temporarily or permanently away from Africa in ways that will contribute to Africa's advancement: and enhance Africa's contribution to global development

I write on behalf of the organisation African Foundation for Development: AFFORD, in response to the Government White Paper entitled *Eliminating World Poverty: A Challenge for the 21st century*.

Whilst generally impressed with the Paper's content, our attention was drawn to the statement which read . . . "We will seek to build on the skills and talents of migrants and other members of ethnic minorities within the UK to promote the development of their countries of origin . . ." (panel 23, page 68).

That Government policy should achieve such an orientation, empowering whom AFFORD perceives to be the key factor in development: the African¹ human contribution, is certainly a welcome move. The potential that the descendants of Africa have to contribute to all aspects of the development of the continent, from the inception of programmes and projects through to their evaluation and incorporation into everyday life is, we feel at AFFORD, an overlooked and understated quantity.

AFFORD being convinced of this fact, initially as a result of the anecdotal evidence of personal experience, sought to explore and investigate the reality concerning how African communities were responding to the economic, socio-political and material poverty and strife within their home communities in Africa, as well as the ramifications of this experience for their sojourn in the UK. The results, as indicated in the accompanying report, "A Survey of African Organisations in London: An Agenda for AFFORD's Action,"² are not surprising. Within London, the main destination of African communities and the area studied, are to be found a wealth of thriving and vibrant informal and formal organisations which organise themselves in a variety of ways to contribute towards the resolution of perceived crises and challenges as well as to reaffirm cultural and traditional ties with communities of origin.

We would like to draw your attention particularly to some of the report's conclusions² to be found on page 35, which we feel marries well with the theme of the White Paper, in particular the remarks highlighted above. AFFORD is actively seeking ways in which it might act as a facilitator and intermediary: able to catalyse the empowerment of Africans and so enable their full participation in mainstream development efforts and to assist in strengthening their capacity to operate as sound agents of progressive and sustainable development in the African continent and within the African communities of Britain.

It is indeed lamentable that such a gulf exists between mainstream organisations and the communities of African descendants and their organisations. Such a scenario does not bode well for long term, viable change, especially when considering the importance of the role of human as opposed to merely technological contributions to global development.

However, in order to meet the need which exists within African organisations to become more effective partners in development, AFFORD sees its role as developing the institutional capacity of associations, helping them develop administrative competence, acquire and strengthen management planning and the ability to obtain and utilise funding which has the potential to translate ideas, concepts and experience to successfully realised transformations of poverty and crisis within African societies.

The report itemises those areas which AFFORD has identified, through consultation with African organisations, as key to achieving these aims. It raises a series of questions, drawing attention to a range of issues surrounding promoting the greater participation of Africans in mainstream development. AFFORD is now in the process of disseminating this report to present evidence to support and argue the case for broadening the discussion on human-centred development processes.

¹ The term African used here denotes the wide community of Africans from the continent and those in the diaspora, connected to the cause of African development through her various *routes and roots* (see page 10 of our report).

² Not printed.

We are happy to see that our research results are timely and in tune with the essence of the Government White Paper, and can contribute to furthering a worthwhile debate. AFFORD welcomes feedback on the report and further opportunities to engage in a process of dialogue concerning how the goals presented by the report might be actualised.

We thank you for providing us the opportunity to present this work and await your response, wishing you success in the passage of this important White Paper on development.

Philip Fergusson

Secretary

AFFORD

19 November 1997

APPENDIX 30

Memorandum from Jubilee 2000 Coalition

The Jubilee 2000 Coalition welcomes the opportunity to respond to the White Paper on International Development. The publication of the White Paper and the establishment of the Department for International Development are important steps towards increasing UK activity on international development issues. However, the Coalition is concerned to ensure that concrete steps towards debt relief will now be taken. Such steps are essential if the Government's stated aim of halving the number of people living in extreme poverty by 2015 is to be achieved.

THE MAURITIUS MANDATE AND THE HIPC INITIATIVE

Debt relief is crucial to creating positive, optimistic models of development. The White Paper reaffirms the UK Government's commitment to faster implementation of the Heavily Indebted Poor Countries (HIPC) Initiative. However, Jubilee 2000 Coalition believes that the HIPC Initiative is not far-reaching enough even in principle, and is further concerned that in practice severe delays in implementation are already being encountered. More than a year after the Initiative was first mooted by the IFIs, not one single country has benefited. The first HIPC arrangement with Uganda will provide little immediate relief. Because of continuing differences between bilateral and multilateral creditors over burden-sharing there is now a real risk that Mozambique (the poorest country in the world) is unlikely to have its debts reduced to what the World Bank regards as sustainable levels. At the same time Ethiopia, due to differences with the IMF over its Structural Adjustment Programme, is likely to have any relief from the HIPC Initiative delayed, possibly indefinitely.

The UK Government has indicated in the "Mauritius Mandate" that it is "seeking firm decisions by the Millennium on the amount and terms of relief for at least three quarters of the countries eligible under the Initiative". However, this is no more than was originally promised in World Bank and IMF Board papers when the HIPC Initiative was first proposed. Jubilee 2000 Coalition recognises that the Chancellor is seeking to prevent slippage from these original targets. However, the UK Government should raise its sights and seek to persuade other creditors not just to stick to targets, but to speed up the HIPC process and deepen the relief by the year 2000. Jubilee 2000 Coalition wishes to see many more countries involved in a simpler, speedier, transparent debt relief process that is also seen to be fair to both debtor and creditor. The White Paper makes no comment on the absence of an international legal framework for debt negotiations, and makes no recommendations about the unfair process of negotiating debt relief—a process almost entirely driven by creditors.

The White Paper recognises that the creation of debt problems is not always the fault of debtor countries. However, it fails to acknowledge the extent of creditor responsibility in the process. It suggests that lenders may have inadvertently allowed overborrowing by not making responsible creditworthiness assessments. Jubilee 2000 Coalition insists on co-responsibility of creditors and debtors for the corrupting influence of high levels of lending. In fact we in Jubilee 2000 Coalition believe that lenders have often played a more active part in encouraging borrowing, and have benefited from the absence of limited liability for indebted countries in international law, a procedure that would permit a line to be drawn under unpayable debts.

DfID DEBT RELIEF FOR COMMONWEALTH COUNTRIES

The White Paper also affirms the Government's intention to cancel the remaining debt due to the UK from "lower income" Commonwealth countries provided they are committed to sound economic policies. Jubilee 2000 Coalition's research indicates that the countries which are likely to receive relief under this scheme are actually middle income countries such as Cyprus and Malaysia, and not "the poorest of the poor". The scheme

is therefore unlikely to make a substantial contribution to poverty reduction and its significance may have been overemphasised. The initiatives in the White Paper on debt relief should only be seen as a first tentative step towards poverty reduction. One of the reasons for this is that the vast majority of debts due to the UK are owed through export credit guarantees to the DTI and not to DfID. If DfID is to achieve its aims, it must exert an influence on other departments to ensure that policies for debt relief and poverty reduction are implemented comprehensively across all Government departments. The White Paper stresses the need for coherence, but fails to identify the concrete measures which will be necessary to ensure such coherence.

EXPORT CREDITS FOR ARMS

Paragraph 3.33 of the White Paper announces plans to consider increasing the provision of the Export Credits Guarantee facility to poor countries. Jubilee 2000 Coalition is fully aware of the subsidies for export promotion provided by the DTI in the form of guarantees for export credits—and of the role played by these credit arrangements in exacerbating indebtedness in poor countries. Ninety-five per cent of the debts owed to the UK by the poorest countries are owed to the Export Credits Guarantees Department (ECGD) in the DTI. We are particularly concerned that in some years 50 per cent of these export subsidies (in the form of loan guarantees) have been used to promote arms exports. For this reason we strongly welcome the Chancellor's initiative to limit credits in the future for arms, or "unproductive" expenditure, to the poorest countries. However, we are also aware that for the most part, HIPC countries are not currently eligible for ECGD cover. Nevertheless, the Chancellor's initiative has enormous potential significance, and we strongly urge the government to pursue every possible avenue to achieve international agreement to limit the provision of government subsidies for arms exports. If such an agreement were to be forged at the forthcoming G8 Summit in Birmingham, the UK Government could make a major contribution to peace and stability in the next millennium.

Jubilee 2000 Coalition is an international movement to celebrate the millennium by cancelling the unpayable debts of the world's poorest countries. The coalition has over 50 members in the UK including Christian Aid, Oxfam, World Development Movement, CAFOD, TUC, Comic Relief, the National Federation of Women's Institutes and the New Economics Foundation.

APPENDIX 31

Memorandum from the Oxford Centre for Disaster Studies

I am grateful to the opportunity to respond to your invitation to comments on the White Paper. My comments are confined to the issue of "Disasters and Emergencies" (see pages 41 and 48).

1. DISASTERS AND EMERGENCIES TEXT

The comments on disasters and emergencies are excellent. This is a concise statement that is a progressive declaration of intent by DfID. The text highlights many key issues which are vital in the development of more effective and responsive international disaster assistance.

The particularly important issues are the emphasis the White Paper gives on:

- The focus on assistance being based on the "analysis of actual need".
- The importance of participation of all stake holders in decisions.
- The emphasis on the "code of ethical conduct".

The UK has taken a vital lead in such matters and this is a tribute to the strength of the British community working in disaster planning and the highly professional work of the Emergency Aid Department (EMAD) within DfID.

2. DISASTER RISK REDUCTION

My main concern is the lack of emphasis, depth or detail on Disaster Preparedness and Mitigation. The White Paper rightly identifies the importance of these pre-disaster risk reduction measures—as being an "integral part of our development co-operation". However more could have been included here to underpin future policies, for example:

Disaster Preparedness is acknowledged as being a vital element by DfID but it is definitely the "poor relation" to relief in terms of annual expenditure. Whilst few would dispute that "prevention is better than cure" the reality is that budgets continue to allocate the vast majority of disaster funds (certainly over 90 per cent) to relief expenditure. In my view (having worked continually in Disaster Planning/Management since 1972) this White Paper offers a unique opportunity to give much more emphasis to the support of disaster risk reduction measures to protect lives and property.

This reallocation of resources is needed in the 21st century in the light of increases in Disaster Vulnerability due to population increase, urbanisation, industrialisation, deforestation, etc.

This is not to deny the importance of relief expenditure which is obviously needed to alleviate distress. However, my experience from direct observation in many emergency situations is that there is often considerable waste and duplication of relief assistance and human resources which can reduce the capacity of local survivors to satisfy the needs of their own recovery. Therefore a reduction in overall relief expenditure may not result in hardship, rather it can be viewed as a prudent relocation of resources to support “local coping mechanisms” and preparedness which are often seriously neglected. Furthermore, an investment in preparedness and mitigation can significantly offset the very high costs of damage and failure sustained in a disaster.

For an increase in preparedness the White Paper could very usefully refer to:

- Encouragement to NGO Partners to submit proposals for joint funding for community level disaster preparedness.
- Increased resources being made available for risk reduction measures (obviously given financial restrictions these may need to come from reducing the relief budget—but in the long term as the UK reaches its projected expanded aid allocation this could produce additional revenue for preparedness).
- More emphasis to the use of ECHO funds for preparedness projects.

3. PROTECTION OF DEVELOPMENT FROM DISASTER IMPACT

The White Paper could very usefully refer to the critical links between disasters and development. These are all well known in EMAD and by DfID desk staff but still need emphasis. The key issues are:

3.1 All major new developments need a Hazard Impact Assessment (HIA) within the normal Environmental Impact Assessment (EIA's). This is essential to make certain that new DfID funded development projects do not contribute, consciously or unconsciously, to increased vulnerability.

3.2 All new developments in terms of land use, structural design, etc., need to be designed and implemented so that they resist possible extreme hazards. This sounds all too obvious but alas there is a sad legacy of destroyed bridges, roads, factories, fisheries, etc., which have been destroyed in past floods and cyclones as a result of unsafe design criteria based on inadequate risk assessment.

This leads to by next point.

4. RISK ASSESSMENT

More emphasis is needed to assist vulnerable disaster prone countries with financial resources and technical assistance to undertake detailed risk assessment as an essential part of their resource management and civil protection. This diagnostic process is badly neglected yet it is the essential prelude to efficient disaster planning to reduce risks.

Risk Assessment requires a sequence of technical, social and economic assessment and analysis:

- Hazard mapping
- Vulnerability Assessment
- Resource Assessment
- Loss estimation

A key factor in this process will be to outline “lifeline resources” that merit enhanced protection.

5. DISASTER WARNING SYSTEMS

A major focus of the International Decade for Disaster Reduction (IDNDR) is currently on the development of effective early warning systems. Five UN groups are involved in an integrated flagship project that is being funded by DfID. The White Paper could comment on this concentrated UK activity and emphasise that resources will be provided in future to assist vulnerable countries to develop and disseminate warning systems to protect their citizens from flood, drought, cyclones and volcanic eruptions.

To summarise—this is an *excellent* White Paper with a progressive reference to disasters and emergencies. However, more emphasis is needed on the UK becoming more pro-active—thus setting an international lead in giving a new focus on preventative action.

I will be pleased to elaborate on the summary points if the committee finds this helpful.

Dr Ian Davis

Director

25 November 1997

APPENDIX 32

Memorandum from the Black International Construction Organisation

INTRODUCTION

In March 1996 a group of black professionals from the construction industry in the UK launched a paper entitled *Building E=quality*. This paper addressed the lack of participation of black professionals in the regeneration of inner city areas throughout the United Kingdom. At the launch a specialist group articulated the need to extend this theme towards international development. A steering group was formed with the mandate of drawing up a plan of action to extend the core study to how black professionals could participate in the United Kingdom's international development programme.

Unstoppable world urbanisation is now a reality. The planet's urban population is expected to double in the next 20 years. In 1900 only 15 per cent of the 6.1 billion strong human race lived in urban areas. By the year 2030 city dwellers will make up 66 per cent of the population. Ninety per cent of this massive growth will occur in the developing world. Yet all but a handful of the world's 1 million architects, construction managers, planners and engineers reside in the developed nations. Currently there is an explosion of refugees 19 million world-wide plus 40 million displaced owing to man made disasters. Where there is urban population growth and forced "migration" there must also be infrastructure planning and building.

Most architects, planners, construction managers, engineers, housing and other occupational groups concerned within the built environment are trained to be "problem solvers" allied to a variety of specialised skills. Little emphasis is put on the need to be "enablers" and to understand problems from a multi disciplinary perspective. There is a growing demand for practitioners to follow careers in development work linked to the new environmental agenda and the need for sustainable development. Such work needs to take into account localisation and the culture of place together with the effects of the globalisation of the world economy. The concept of place has over the last 10 to 15 years been re-visited by human geographers, architects and planners. More recently sociological studies have invoked place as a vital analytical component in the understanding of social structure and social action. In addition private and public sector organisations at international, national and local scales have now recognised the importance of place in planning and implementing policy decisions.

Throughout the developing world, these new circumstances face the majority of those involved in policy making, planning, designing and managing urban environments. Globalisation means that many problems of development are now not specific to the third world, but are shared and interconnected between North and South, East and West in different and challenging ways. There is a need to re-examine the role of the built environment professional and to broaden the analytical base of professional groupings whilst retaining their valuable traditional skills. These professionals need to understand and respond to the increasing influence of international organisations, the new environmental agenda and the importance of local cultures. BICO was set up to introduce the above concepts into the construction industry and raise the awareness of these concerns internationally.

The academic debate about International Development in Europe has been conducted over the last generation between academics who naturally have interest in developing societies in Africa, Asia, The Pacific nations and Latin America. Historically most individuals and groups who carried out most of this type of work have genuinely considered that they should continue to carry out the analysis of these societies. They pay them frequent visits to obtain better perspectives of these peoples in order to write about conditions, in some cases make recommendations of how to improve conditions in these places' and finally publish extensively about development for these societies. The new environmental agenda calls for an equitable approach to the notion of partnership through better participation of local groups and individuals. BICO seeks to provide that interface between professions engaged in the provision of services in development assistance programmes and projects.

THE IMPORTANCE OF PROCESS

This paper focuses on the built environment but uses the backdrop of the broader history of international development from a European perspective as the wider field within which we place the activities of academics and practitioners working in the areas of the built environment. We are aware that development activities related to the construction industry do not take place in isolation. There are other factors that shape the processes which are more specific to the construction industry. (Figure 1)

The resources that fuelled the above activities had traditionally been provided by the Foreign and Commonwealth Office through the then department of the Overseas Development Administration. The other mechanism of public spending towards development education and cultural education is the British Council. The upgrading of the new Department for International Development (DFID) to cabinet level presents an opportunity to engage a wider consultation process in the area of development education and research.

International donor organisations in their development assistance programmes are beginning to accept the role culture plays in the wider development process and have moved to integrate this dimension into their strategies aimed at improving the delivery of development programmes.

The United Kingdom by rejoining the United Nations Education, Science and Cultural Organisation (UNESCO) indicates the government's willingness to embrace a more inclusive strategy where all groups and individuals in civil society are invited to contribute to the overall international development process. The Black International Construction Organisation (BICO) is one of the groups in the United Kingdom with a clear strategy for creating partnerships with groups in developing countries with the view to presenting more balanced development strategies. The Department for International Development has the opportunity to draw on the experience of the wider pool of academics and professionals who possess what has been described by Ali Mazuri as a "triple heritage". BICO over a three year period has developed links in developing societies and is evolving a network of contacts in the community sector.

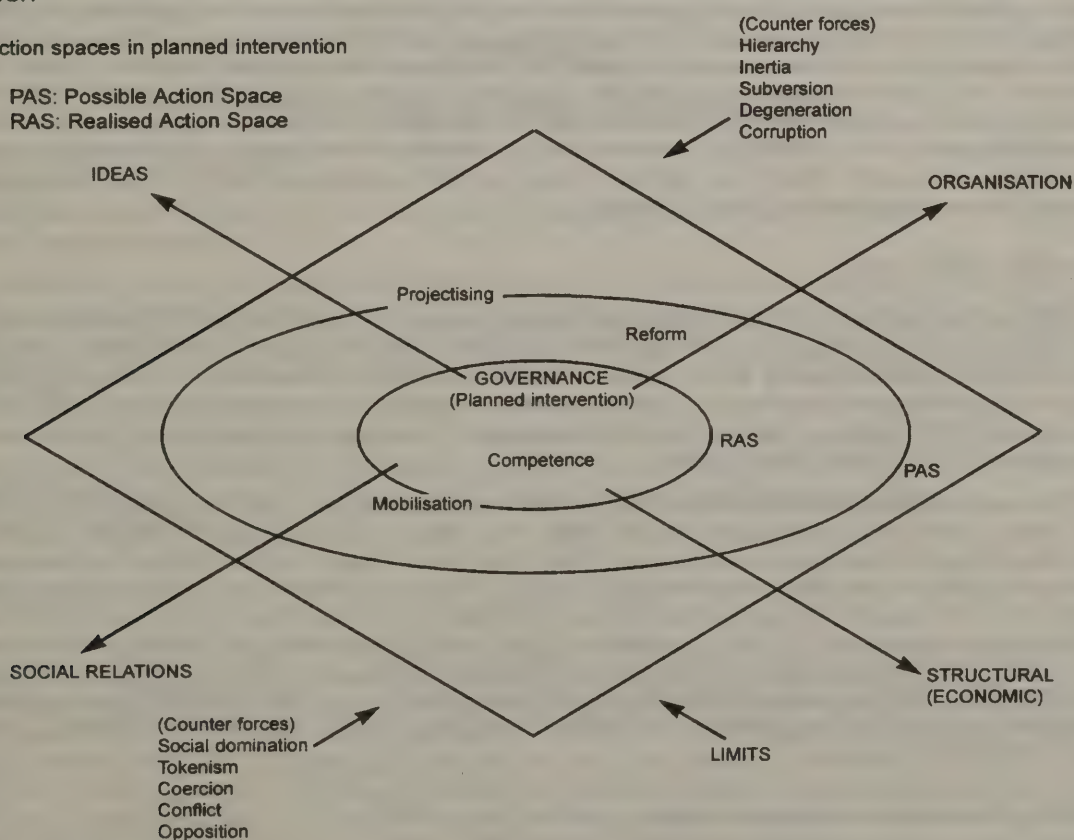
BICO has undertaken a fact finding mission to South Africa and established memoranda of association with community groups in developing countries.

The membership of BICO is drawn from a broad range of professionals with the experience to contribute to the United Kingdoms international development effort at policy, programme, or project stages of the development process. The composition reflects groups and individuals with a background in Architecture, Planning, Quantity Surveying, Housing Management, Community Development, Conflict Resolution, Education/Training and Peace Building/Making. The European Union and the World Bank Group are two large providers of financial and technical assistance to developing countries. We have researched consultancy services and technical assistance provided through The EU and World Bank Group and are confident that with the right resources BICO can contribute to development programmes in these developing societies. The major construction consultants from the United Kingdom in this market amongst others are Llewelyn-Davies and Ove Arups & Partners, while larger contractors include Taylor Woodrow, Trafalgar House and Marples Group. The former Overseas Development Administration published data pointing to the lack of active participation in construction work by UK firms compared to other European countries. BICO presents an opportunity to improve the record of the UK's participation in executing balanced development projects.

FIG.1

Action spaces in planned intervention

PAS: Possible Action Space
RAS: Realised Action Space



The WIN-WIN Philosophy
Black International Construction Organisation
November 1997

CREATING ENABLING ENVIRONMENTS

It is estimated that by the year 2000 there will be 23 cities in the world with over 10 million people—twice the current figure: 18 of these will be in developing countries and between $\frac{1}{3}$ and $\frac{1}{2}$ of their inhabitants will live in crowded shanty towns and slums without basic amenities. A large proportion of these will be in developing countries. The current donor organisations that have contributed in the attempt to alleviate problems in the above areas have included European Union, the World Bank group, DFID in the UK and the other G7 countries.

We seek participation on programmes and projects that are encouraged through private sector finance by agencies like the Commonwealth Development Corporation (CDC), Crown Agents, and other UN agencies such as United Nations Industrial Development Organisation (UNIDO), United Nations Educational, Scientific, and Cultural Organisation (UNESCO), World Health Organisation (WHO) and United Nations Development Programme (UNDP). BICO needs assistance institutionally to gain access to the broader development process financed via the European Union, United Nations and the World Bank Group.

The following institutions form the initial group from whom BICO requires access and support to dialogue with:

Directorate General for Development (DG8—European Union)

Lomé Convention

Centre for the Development of Industry (European Union)

Developing building material

The World Bank Group

Good Governance programme

The Department For International Development

Poverty Eradication

BICO would like to develop links with the senior development advisers and programme managers of the above institutions with the view to gaining access to the policy mechanisms that are fashioned towards developing programmes and projects in developing societies. The larger development agencies in the community sector appear to have negotiated their position in the ongoing policy review and are locked into their own funding bids thus will see no advantage in reviewing their strategies towards international development. There exist an emerging pool of ethnic minority academics and practitioners who have been brought up, trained and worked in the United Kingdom with a different approach to teaching and conducting research related to developing societies. Ethnic minority professionals intend to participate in international development both in the United Kingdom and in developing countries through planning, co-ordinating and delivering policies, programmes and projects. There is an untapped resource of skilled groups and individuals that have shared cultural links and experience of living in Europe.

THE WIN-WIN PHILOSOPHY

BICO seeks access to the wider international development process. The current institutional framework should be relaxed about the evolution of an ethnic minority-led development Non Governmental Organisation in Europe. This has been acknowledged in the government's recent white paper on International Development which acknowledges the need to use members of the ethnic minority community in international development assistance programmes. BICO seeks a dialogue with the Department of International Development and the major International NGOs in the United Kingdom.

This dialogue is based on the notion that BICO can positively contribute in designing sustainable and equitable processes in provision for the built environment. These endeavours will not just benefit the recipient countries, but also Britain's international standing; part of the "New Deal Britain" which will lead in formulating international policies that reflect an increasingly "global" world view. Reflecting the need for global action which uses the resources of various stake-holders. A Britain that will truly foster the concept of Thinking Globally, but Acting Locally. It is not a question of "them" and "us" any longer, but that of a global village. The recent Commonwealth and United Nations pre-CHOGM Forum also has as one of its aims the formation of BEPIC (The Built Environment Professions in the Commonwealth); a vehicle which BICO can positively contribute to. This is an ideal opportunity for Britain to lead. This is an ideal opportunity for Britain to foster the "WIN-WIN Philosophy".

BICO TARGET AREAS IN PLANNED INTERVENTION

*Training in the Built Environment**Training Trainers*

Output—	New Msc. in Place, Environment and Development (UK/Ghana) South Africa fact finding mission
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*Capacity Building in Built Environment Programmes and Projects**Women into Construction, Gender Planning in the Construction Industry**The presence of Black Professionals on Development Programmes and Projects*

Output— Joint Research with other sister institutions in developing countries. Muengo in Zimbabwe, Community Management Systems in Ghana, South African National Civic Organisation, Thabong branch, RSA, CASS in Cameroon, etc.

Research, Summer School and Publications (discussion papers, referred articles, books)*Development Education Training*

Output— Place Environment and Development Summer School (Culture and Development) July/September 1998
 BBC Windrush 1998, European Year Against Racism 1998, Panafest 1999
 Development Education at Secondary School level
 Journal of Cameroon on Building Materials (JCBM)

Note:

Reference Documents (Available on request)

1. Report on Fact Finding Mission on South Africa.
2. E = quality.
3. Memoranda of Co-operation with Community-based Organisations.

*November 1997***APPENDIX 33****Memorandum from the Institute of Development Studies****THE GENERAL APPROACH IS WELCOME**

The Government's White Paper on International Development provides a sound blueprint for action and for this it deserves high marks.

Development agencies have had a long history of making vastly inflated promises of future effectiveness. In doing so, their tendency has been to build failure into their efforts. The White Paper has, by and large, avoided this trap. It places the British effort in a realistic perspective and states bluntly that "We should not over-estimate what we can do by ourselves." This realism is a welcome change from the high, self-serving rhetoric of aid organisations.

This statement in the White Paper, however, is anything but an acceptance of powerlessness. To the contrary, the Paper rests on the assertion that international development is an area in which Britain can exercise global leadership and that, as a matter of strategic choice, Britain should "adopt a new international role . . . (as a) fulcrum of global influence."

IMPORTANCE OF LEVERAGE

To achieve this, the concern set forth by the Government is to place Britain's annual aid budget of £2.5 billion and its development policy in a framework of influence and leverage. This is most sensible, as roughly half of British aid is channelled through multilateral institutions, where it is often difficult but especially important, to find areas of leverage. Over 30 per cent is spent through the European Union alone. The EU is by far the world's largest source of concessional financing for development, yet it is widely-held (and with good reason) that the EU effort is highly inefficient. The UK will assume the Presidency of the EU for the first half of 1998. This will be a critical period as it will coincide with the launching of negotiations for a successor to the current Lomé Convention which establishes the trade and aid relationship between Europe and a very large group of poor countries.

The White Paper signals that the Government has no great enthusiasm for the EU's current proposals for the successor to the Lomé Convention. The use of the leverage offered by the EU Presidency will be a first important test of the extent to which the leadership and global influence proposed by the White Paper will be achieved.

SUPPORT FOR FLEXIBILITY AND PRIORITISATION BY THE INTERNATIONAL COMMUNITY

The White Paper also represents a welcome departure from the common practice of seeing development assistance as a matter of fixed channels where, for example, 40 per cent of resources is reserved for bilateral programs, 20 per cent for NGO's, etc. The focus is on the larger picture and this is encouraging. It is noted, for example, that total world development assistance from all sources stands at about \$55 billion and that these resources can have far greater impact than has been the case to date. It goes on to note that: "They will only be effective if there is also a consensus on priorities . . . and if the whole international community works together . . ." Again, the central proposition is clearly one that rests on leadership through leverage and the building of partnerships and coalitions.

DEFINING THE SPECIFIC MERITS OF NGOS

There will be some unhappiness in the NGO community over the scant attention given in the paper to the development role of NGO's. A predictable claim in the policy statements of many governments has been that only NGO's are close to the people and to the grass roots and, therefore, *only NGOs* can deliver development effectively. The White Paper makes no such claim. Rather, it affirms the centrality of the State to development and human well-being. In this, it follows the intellectual lead of the World Bank's World Development Report for 1997. The importance and role of NGOs or, to use the more general term in current usage, civil society *in specific circumstances* is perhaps accorded insufficient prominence in the White Paper. In parts of the world, they are the only effective instrument to the alleviation of human suffering. This lacuna notwithstanding, a major development lesson of the past quarter century is, to quote the Paper, that: "Only governments can create the right political and economic framework within which the march out of poverty." The White Paper's emphasis on this, together with its lack of any specific attention to the role of NGOs, may be expected to give rise to opposition. The policy emphasis set forward in the Paper is, however, the right one and merits broad support.

THE ROLE OF GOVERNMENT IN DEVELOPMENT

The White Paper contains the blunt admission of two great flaws in the models of development followed over the past half-century. The first involved the belief that the state should assume sweeping control over economic life and the second lay in the more recent mantra of a minimalist state and unregulated market. What the White Paper clearly envisages is both the allocation of national resources and the leveraging of a larger international effort in support of governments that evidence sound development policies and practices. This will mean that partnerships will be determined on the basis of a broad range of policy considerations and, as the Paper emphasises, the "consistency of policies" affecting, *inter alia*, the environment, trade, agriculture, political and human rights, military spending and labour standards.

The problem with this rests not in the soundness of the approach, but rather that the categories that must be considered are exceedingly broad, complex and, in cases, highly subjective. For the approach to be credible, therefore, what is called for is much greater precision than exists at present in the measurement of the indicators involved and an enhanced transparency in their application. This should be accorded high priority. The resulting instruments should also supplant the narrow, mechanistic and sterile instrument of the "logical framework analysis" that has outlived its usefulness in the broad context of the new White Paper.

OTHER STRONG POINTS—ON EXPORT OPPORTUNITIES AND DEBT FORGIVENESS

A couple of specifics in the Paper merit special comment. First, the firm and unequivocal resolve which is expressed regarding the "short-termism" of using aid funds to finance immediate business or export opportunities on a "one off basis" is long overdue. Empirical studies have demonstrated consistency that such approaches have served mainly to distort the efficient funding of markets and that they rarely result in sustained economic or business relationships. Three cheers on this one. Secondly, the Government's apparent intention to consider debt forgiveness to a greater extent than in the past, provided such forgiveness meets the aforementioned test of policy consistency is also strongly supported by a large number of international economists. Again, this merits three cheers.

TARGETS FOR POVERTY REDUCTION—DIFFICULTY, AND NEED TO SPECIFY MECHANISMS

The principal target set out in the White Paper is a reduction of 50 per cent by 2015 in the proportion of people living in extreme poverty. To put this in perspective, it is likely that in the order of one billion people would need to be affected positively if this target is to be achieved. By most estimates, the past 30 years have witnessed more poverty reduction (measured in absolute numbers, not percentage of total population) than at any time in history. Many factors explained that success, the most notable of which were the application of research to create the "green revolution" which transformed food production, especially in large parts of Asia, and the fact that the populations of developing countries were largely in rural areas where the green revolution occurred on a highly labour-intensive basis and where income gains occurred.

Today's conditions, however, are very different. First, for the first time in history, over half of the world's population is now urban and the trend to urbanisation is accelerating. Secondly, where economic growth is now occurring, it is on a highly capital-intensive basis.

What this means is that success in meeting the target of poverty reduction will be more difficult to achieve than in the past and that the model that worked previously will not produce the gains required. Scientific ingenuity applied to food production was the basis of previous gains in poverty reduction. What the new situation will need will likely be along the lines called for in the White Paper: a range of social and institutional innovations based on the new roles of the state and imaginative arrangements that will facilitate the type of policy consistency also called for in the Paper. There is no roadmap here and a great deal of serious research and ongoing experimentation will be required to work out the mechanisms and instruments; the strong acknowledgment of the importance of research in this process in the White Paper is very positive.

Even if there is no specific roadmap, however, the White Paper can, if applied with imagination and resolve, prove to be a good and valuable compass.

APPENDIX 34

Memorandum from the Commonwealth Caribbean High Commissioners in London

On behalf of the 10 Commonwealth Caribbean High Commissioners in London, I have the honour to transmit to you our joint response to the United Kingdom Government's White Paper on International Development, *Eliminating World Poverty: A Challenge for the 21st Century*.

At a meeting between Secretary of State for International Development, Clare Short, and all Commonwealth High Commissioners at the Commonwealth Secretariat on Tuesday 11 November 1997, Commonwealth Caribbean High Commissioners indicated that we would like to present our response to the White paper in writing by the end of November, and subsequently, to seek a meeting with the Secretary of State to discuss it. We have now done this.

She made the request that we send a copy of our Response to the White Paper to your Committee. We are very pleased to do so.

The Governments represented by the 10 High Commissioners submitting this joint memorandum are: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Eastern Caribbean (St Kitts-Nevis, St Lucia, St Vincent and The Grenadines) Grenada, Guyana, Jamaica and Trinidad and Tobago.

HE Ronald M Sanders CMG

High Commissioner for Antigua and Barbuda

28 November 1997

Response by Commonwealth Caribbean High Commissioners to:

ELIMINATING WORLD POVERTY: A CHALLENGE FOR THE 21ST CENTURY BRITISH GOVERNMENT'S WHITE PAPER ON INTERNATIONAL DEVELOPMENT

1. INTRODUCTION

1.1 Commonwealth Caribbean High Commissioners (CCHC) warmly welcome the initiative of the British Government, through the Department for International Development (DFID), to publish a White Paper on International Development. The paper is particularly welcome because it has been 22 years since any British Government has articulated its attitude and approach to international development in a White Paper. The very fact of the White Paper is to be commended.

1.2 Beyond the paper itself, the Government's decision to consult others, including the representatives of countries who are meant to be the beneficiaries of the policies set out in the paper, is extremely laudable. It is in this connection that we submit this Memorandum to the Secretary of State for International Development in the sure knowledge that both she and her Department would welcome our serious and candid response as part of a process of refining their policy so that it achieves the best results.

1.3 *In reading this memorandum, it should be noted that we generally agree with the points in the White Paper on which we do not offer a comment.*

1.4 We appreciate that the key target of the policy laid out in the paper is to halve the proportion of people living in extreme poverty by the year 2015.

1.5 We are greatly satisfied that the method which the paper has identified for implementing its objectives is through the building of partnerships with developing countries. We applaud this enlightened approach, for we are convinced that the most effective way of making development assistance work is for both the donor and the recipient to be convinced that assistance is being directed where it is most needed and in the most efficient and effective manner.

1.6 The decision by the Government to provide the necessary resources for the development programme by starting “to reverse the decline in UK spending on development assistance” and by working toward achieving the UN target of 0.7 per cent of GDP devoted to development assistance is greatly appreciated. Equally welcome, is the paper’s commitment to “ensure that the full range of British Government policies affecting developing countries . . . take account of the sustainable development objective”. We regard it as important that the Treasury Department which exerts influence in the International Financial Institutions (IFIs) and on British agencies such as the Export Credit Guarantee Department (ECGD) share the commitment to eliminating poverty.

1.7 We salute the decision to provide all future assistance to developing countries on grant terms. This decision demonstrates the enlightened and serious approach which the Government is taking to the objective of eliminating world poverty. In this connection, the Government’s resolve “to pursue energetically the scope for multilateral untying of development assistance” is extremely valuable and we urge that every effort be made to bring about such untying of aid.

1.8 The Government’s decision to “encourage strengthened donor co-ordination” so as to avoid recipient countries having to “negotiate separate country plans with each of the major bilateral donors and the multilateral agencies” is most welcome. So, too, is the undertaking to work within the EU and multilaterally to make simpler what are now highly complex rules of origin governing eligibility for preferential access to the EU market and other developed country markets.

1.9 The notion of participation by business in investment and trade as keys to achieving sustainable development is very welcome. As an important part of this process, we welcome the commitment to develop schemes similar to *The Know How Fund* for countries to which no scheme now applies so that businesses can enter into joint ventures and invest in our countries. In this regard, we are pleased that the paper acknowledges that “guarantees and insurance are important mechanisms for encouraging private investment into developing countries”, and we are particularly pleased that consideration is being given to whether the Overseas Investment Insurance Scheme of the ECGD “can be made more readily available to poor countries”. We are also happy to learn from the paper that the Government is discussing with the World Bank “how best to expand guarantee cover in developing countries and particularly in poorer developing countries”.

2. GENERAL CONCERNS

2.1 The White Paper is neither sufficiently explicit nor comprehensive on some crucial and interrelated aspects of the global development problem. Far too little attention is paid to the situation of poor countries trying to achieve and sustain middle income status. Thus, virtually no attention is given to maintaining and enhancing national capacities for growth throughout the developing world. It would be unfortunate if the poorer countries are helped to move forward while the rest of the developing world is left to stagnate or retrogress. The vision ought to be of an interdependent global economy where all developing countries have to be helped, albeit in different ways and at different levels.

2.2 As a result of this partial approach to the problem, some priority areas received inadequate attention. One is secondary, vocational and tertiary education. In focussing on primary education, except for a passing reference to teacher training, the White Paper does not acknowledge the need for the educational system to develop in an interrelated manner. Economies require skilled supervisory and managerial talent, not just primary graduates. At every level there needs to be a strong emphasis on science and technology, and lifelong skills, so that the populations in all developing countries are prepared for the demanding requirements of the global knowledge economy. Accordingly, in reviewing the paper, the Government might consider a much more comprehensive statement on human resources development, picking up all the different strands of the problem.

2.3 The limited vision of international development led the White Paper to take an inadequate view of the role of research. Again, there is insufficient emphasis on capacity building, and research and development, which is vital for progress in all sectors of the economy from the study of very simple product improvements and their applications, to the development of new products, processes and techniques. All of these are indispensable to the transformation of the economy whether in rural or urban areas.

2.4 The White Paper is strangely silent on agriculture and rural development, except for reference to reform of agricultural trade in paragraphs 3.21 and 3.22. It is beyond debate that agricultural development and rural modernisation are key to the achievement of sustained and sustainable growth as well as social stability. In their absence, there is a drift to the towns with all that follows by way of urban congestion, youth unemployment, crime, and the deterioration of social capital. Again, in reviewing the Paper, the Government might consider giving agriculture and rural development more attention. In relation to protectionism in agriculture in developed countries, we urge that the Government be as emphatic in promoting the idea of free trade as it has been in connection with trade in goods and services in the context of the WTO.

2.5 Three concepts in the White Paper require clear definition and settled criteria. They are: human rights, transparent and accountable government, and core labour standards. In the case of transparent and accountable government, this concept requires further work by the international community before it can be adopted and applied. While we condemn the exploitation of children, the notion of “core labour standards” has the danger of imposing standards based on objective conditions in Western industrialised nations and failing to take into

account cultural and economic conditions in certain countries. As far as human rights are concerned, we recognise that there is still a debate in the international community that is not yet settled. We fear that application of these concepts in the absence of settled definitions of terms and understanding of the criteria that establishes them, will lead to confusion and will defeat the laudable purposes of the Paper. Indeed, relations between developing countries and the United Kingdom might suffer in these circumstances.

2.6 Further, the application of these concepts in situations where definitions are subjective and which fail to take account of cultural differences and economic imperatives may result in the unintentional establishment of new conditionalities for aid, trade and investment.

2.7 The prescription laid down for economic growth, including the maintenance of low inflation (paragraph 1.18) should not be taken *ex cathedra*. While in certain countries, where the right conditions exist, liberalisation has led to economic growth, this is not universally so; many others have suffered. In any event, Caribbean countries, which are open economies, are vulnerable to the inflation trends in the economies of their main trading partners they have very little control of inflationary pressures. If the prescription is applied as a condition of development assistance, many countries will be denied such assistance unreasonably.

3. SPECIFIC ISSUES OF CONCERN TO THE COMMONWEALTH CARIBBEAN

Human Rights

3.1 The Commonwealth Caribbean has an enviable record on human rights. The region is politically stable with a strong adherence to democratic principles including political and press freedom, creativity and intellectual and spiritual development. However, we believe that the definition of human rights as set out in Panel 1 of the White Paper contains three elements which, if stretched, could be utilised to wrongly accuse individual countries of human rights violations thereby tarnishing their human rights record and denying them development assistance. These are: "the right to social protection in times of need", "the right to the highest attainable standard of physical and mental health", and "freedom from . . . cruel, inhuman or degrading treatment or punishment". With regard to the first item, does the State, in recognising the "right" have the obligation to provide social protection for all in times of need? In the case of the second item, the question arises as to whether the inherent recognition of the "right", obliges the State to provide all the conditions to make the right "attainable". If the answers to both these questions are affirmative, many of our countries committed to human rights but struggling to satisfy demands that far outstrip their capacity, would stand accused of human rights violations.

3.2 On the item, "cruel and inhuman or degrading treatment", many Commonwealth Caribbean societies maintain capital punishment as is their right. In addition, many of their prisons are old and conditions are difficult. Developmental priorities such as the provision to the nation of health care, pure water, housing, education and infrastructure cause prison rehabilitation to compete for the allocation of scarce financial resources. Yet, these two factors of capital punishment and prison conditions are regarded by some as "cruel, inhuman or degrading treatment or punishment", and could be used to stop development assistance to Commonwealth Caribbean countries. We would urge that serious consideration be given to taking local conditions into account in a review of the White Paper's definition of human rights.

Official Development Assistance

3.3 It is well known that most of private investment flows go only to the 10 most developed of the developing countries. That is why Official Development Assistance (ODA) continues to be important to human development in other developing countries whose local capital formation is insufficient. We note the position taken in paragraph 2.26 that, although the primary focus of the Government's efforts must be on the poorest countries, there are significant pockets of poverty in middle income countries and that appropriate ways will be sought to contribute to poverty elimination in those countries. In this context, we draw attention to the *Edinburgh Commonwealth Economic Declaration* (section 7) issued by Commonwealth Heads of Government at their recently concluded meeting under the Chairmanship of the British Prime Minister. In that Declaration, it was explicitly recognised, arising from a study on the vulnerability of small states,¹ that in agreeing "to work to halve the proportion of people living in extreme poverty by the year 2015", Governments had to reverse the decline in ODA "as an essential instrument for development and poverty reduction in developing countries, particularly the Least Developed Countries and small states."

3.4 The recognition of the need for small states, such as those that make up the Commonwealth Caribbean, to continue to receive ODA arises out of their weaknesses as small, open economies with a narrow resource base and a marked susceptibility to natural disasters. As the study of the vulnerability of small states points out, "withdrawal of official finance can, through cuts in the development budget and even current spending, impart major depressive effects on the level of (domestic) activity" causing considerable economic destabilisation.

3.5 Against this background, DFID might consider encouraging the EU and multilateral institutions to enhance this aspect of development co-operation activities by providing development assistance to developing

¹ *A Future for Small States: Overcoming Vulnerability*, Commonwealth Secretariat, September 1997.

countries, including disadvantaged Caribbean small states, in such areas as human resource development, science and technology, and the development of services. If Caribbean countries, that have by great effort just risen out of widespread poverty, are not assisted to consolidate their development and the sustainable conditions that foster it, the gains made in improving the lot of the poorest will be offset by the losses incurred in the return to poverty of countries, like those in the Caribbean, that are in transition from it. The White Paper needs an additional dimension that addresses this issue.

3.6 As a further point, Commonwealth Caribbean countries, which have become transit points for illegal narcotics bound for markets in Europe including the United Kingdom, continue to require ODA individually and collectively to counter drug trafficking and related money laundering activities. Similarly, in addressing problems associated with climate change, the Caribbean requires ODA for the provision of resources and capacity building. Drug trafficking and money laundering are not problems that are restricted to the Caribbean, they have a global reach and affect other nations including the United Kingdom. Therefore, the provision of such ODA is as much in the interest of Commonwealth Caribbean states as recipients as it is to the United Kingdom as a donor.

Concessional Funds from IFIs

3.7 Paragraph 2.14 speaks of encouraging "better-off countries to graduate from low-interest loans . . . so that development lending is concentrated where it is needed". We point out that Commonwealth Caribbean countries, which are all small states, have already been graduated from borrowing from many IFI sources because of the policy of graduating countries above a given *per capita* income. However, based on the study of the vulnerability of small states (referred to in 3.3 above), Commonwealth Heads of Government recognised that Commonwealth Caribbean countries are disadvantaged, and they decided at Edinburgh to "encourage IFIs to review their graduation policies, consider broader criteria covering the special vulnerability of their smaller members and establish a task force to address the concerns of small states" (Section 8 of the Edinburgh Economic Declaration).

3.8 We would urge DFID to subscribe to this decision which has been taken already by the British Government jointly with other Commonwealth governments. This is not an attempt by Commonwealth Caribbean countries to queue up to remain in the group of least developed countries, rather it is a serious effort to get IFIs and donors to recognise that because of our openness on both trade and capital accounts, we are disadvantaged, vulnerable to economic shocks originating from abroad and susceptible to natural disasters which can wipe out years of GDP overnight.

3.9 Further, small states and low income countries face significant constraints in accessing capital markets and this seriously restricts their financing options. This is a reality ignored by IFI's which continue to recommend the use of private capital for infrastructure. We urge DFID to take this reality on board in its efforts to persuade the IFIs to strengthen their commitment to poverty elimination.

Foreign Direct Investment

3.10 We agree entirely that developing countries must establish the conditions within their countries which are conducive to attracting Foreign Direct Investment (FDI). However, we point out that in order to attract such investment, our countries must have infrastructure, and it is to the IFIs that we have to look for concessional finance to build such infrastructure. This point becomes even more cogent when it is considered that our countries are being asked to diversify their economies, be less reliant on preferential prices and guaranteed markets and further liberalise their economies. Many of these measures mean a severe loss of revenue to governments. With an already depleted Treasury, Governments would find it impossible to finance infrastructural development on commercial or near commercial terms. We add that there should be great encouragement of efforts to stimulate investment to the region through institutions such as investment bureaus.

3.11 The diversification of Caribbean economies to expand the role of services, particularly tourism, requires co-operation from industrialised nations. Such co-operation should include double taxation treaties and investment protection agreements to encourage investment into our services sector. We also need a package of assistance from sources such as the European Development Fund and even bilateral assistance from the United Kingdom to develop human resources, improve infrastructure, modernise telecommunication and information technology and trade policy.

Trade

3.12 On the matter of trade, in an asymmetrical relationship whether it be with the EU or the North American Free Trade Area (NAFTA), disadvantaged Commonwealth Caribbean states are unequal partners. In such a relationship, our countries should not be expected to offer to EU or North American countries free and unrestricted access to our fragile markets and for the most part impoverished economies particularly where that reciprocal treatment has no counterpart in free access of labour. In this context, we urge the Government not to adopt an uncritical theological position in relation to the operation of the World Trade Organisation (WTO)

regime. WTO must be responsive to the needs of a genuine development partnership between the EU and ACP countries, and between Caribbean countries and NAFTA. This applies both to WTO compatibility and to the issue of a waiver.

3.13 We emphasise to DFID that terms such as “free trade”, “reciprocity” and “open markets” give an illusion of a level playing field, but the reality is that the players are grossly unequal with economic power and resilience preponderantly on one side only. On the other side, economies that are already weak and fragile, with people who are poor and vulnerable, would become further endangered by unqualified reciprocity.

3.14 We note that the paper commits the Government to working within the WTO and EU for “the continued dismantling of tariff and non-tariff barriers worldwide”. However, we would stress to DFID that disadvantaged Caribbean small states would not be able to do so in the short term. They have not yet fully come to terms with all the implications of the Uruguay Round. They have not been able to position themselves to discharge all their commitments or take advantage of the possibilities. Moreover, as Commonwealth Heads of Government acknowledged in Edinburgh, “ACP countries, particularly small states [require] adequate transitional arrangements . . . to facilitate the diversification of their economies” (Section 4 of Edinburgh Economic Declaration).

3.15 The Commonwealth Caribbean is not yet prepared for negotiations on comprehensive trade liberalisation in services. Further, our countries lack the wherewithal to satisfy the conditionalities of reciprocal entry to European and North American markets in areas such as banking. While we favour increased multilateral liberalisation of trade in goods and services in time, account must be taken of the interests of all countries at different stages of development. We are pleased that Commonwealth Heads of Government, under the Chairmanship of the British Prime Minister, specifically made mention of this in their Economic Declaration at Edinburgh and we commend their position to DFID.

3.16 We are concerned that the White Paper advocates that “the current Lome and Generalised System of Preference (GSP) terms should be brought into closer alignment”. Moving trade co-operation under the Lome Convention toward the GSP has major conceptual and practical implications. The GSP is unilateral in its operation and concept and is different from the partnership, contractual and co-operation provisions of the ACP/EU Convention. The GSP is not normally negotiated between offering and beneficiary countries and although provision within the context of ACP/EU co-operation could allow some scope for discussion, this could scarcely proceed beyond a consultative basis. Moreover, the GSP is more restrictive and less assured in the preferences offered than the Lome Convention. And, it does not sit well in a wider development co-operation agreement. At the bottom line, the advantages which ACP countries now enjoy under Lome would disappear under the GSP. In such a scenario, poverty in our countries would increase.

Promoting Financial and Economic Stability

3.17 With regard to promoting economic and financial stability, while we agree with the notion that “it is important that there should be a well-managed and regulated set of mechanisms to support beneficial regulation and stability and bear down on corruption” in relation to volatile capital flows, upheavals caused by money laundering or drug trafficking, we do not see why such mechanisms should be “international”. We are especially concerned that the International Monetary Fund (IMF) should be identified as the institution to exercise surveillance over financial systems in developing countries. The IMF is not an institution which many developing countries have found common ground and with which they are comfortable. In any event, experience has shown that developed countries are no more immune from money laundering, drug trafficking and corruption in its financial sector than developing countries. We suggest that what is required is not an international watchdog restricted by an ideological chain; what is required is assistance to build the institutional capacity at the local and regional levels that would allow developing countries to regulate their financial services sector more effectively and efficiently and in keeping with international norms.

Natural Disasters

3.18 In relation to natural disasters, we stress to the Government that these are increasing in frequency and magnitude. Countries, particularly small states such as those in the Caribbean, are unable to tap multilateral agencies and bilateral sources for the volume of assistance that is required to rehabilitate their economies and rebuild their infrastructure. The funds available in the multilateral institutions are relatively minuscule. In almost every case, countries which have experienced natural disasters have had to borrow funds on commercial terms to rebuild. This has increased their debt burden and deprived them of the opportunity of directing resources specifically at poverty eradication, although the rebuilding of infrastructure is an indirect contribution to that process through its provision of employment. Further, employment opportunities are created in the post-rehabilitation period and these also contribute indirectly to poverty eradication.

3.19 We welcome the notion in the White Paper that stakeholders will be encouraged “to participate in decisions that affect their lives, builds local capacity and lays a solid foundation for rehabilitation and recovery”, and we are delighted with the Government’s commitment “to provide swift, appropriate and cost-effective

financial and technical assistance". But, we are strongly of the view that climate change and the El Nino effect are bringing about disasters of such magnitude that bilateral assistance is insufficient and inefficient.

3.20 What is required is a multilateral Natural Disaster Fund, operated by one of the existing institutions, and funded by every country in the world on an already existing formula (say the formula for contributions to the United Nations Organisation) to provide urgent and adequate assistance. This Fund should be ready to respond immediately and adequately to rehabilitation through a combination of grant and concessional financing. We fear that, in the absence of such a fund, the people in countries affected by natural disasters will become more impoverished or they will migrate lawfully or otherwise creating further problems for the international community. We urge DFID to review its position on this important issue.

Migration

3.21 The Government's policy on helping developing countries to manage migration flows, as set out in the White Paper, speaks to a problem that is growing every day. We are pleased that the White Paper recognises that the developing countries which require help are not only those from which there is migration (including those seeking refuge from natural disasters and economic factors), but also those, such as The Bahamas, which receives unwelcome migration, and Antigua and Barbuda which receives refugees on a humanitarian basis.

3.22 In both the cases of The Bahamas with some 30,000 illegal immigrants from Haiti in a population of 280,000, and Antigua with some 4,000 Montserratians in a population of 65,500, these are relatively large numbers not matched by many large European countries when refugees are measured against their populations. This influx of refugees creates for the receiving countries dangerous pressures on law-enforcement agencies, health, education, public utilities and unemployment. While we welcome the Government's commitment to work through the UN and other international organisations and within the EU to provide help for developing countries in the area of migration, we believe that the White Paper could bear expansion on:

- (a) the effect of refugees on receiving countries; and
- (b) multilateral assistance to such countries.

4. CONCLUSION

4.1 In conclusion, we congratulate the Government on the commitment given by the Secretary of State in the House of Commons on 5 November 1997 that it "shall publish an annual report explaining how we shall secure the objectives described in the White Paper, and what progress has been made against the international development targets year on year". This is a praiseworthy commitment which should serve as an example to other industrialised nations.

4.2 We hope that this memorandum is helpful to the Government in its efforts to refine its development assistance policy in ways that will meet its stated objectives to build partnerships with developing countries and give all stakeholders the opportunity to participate in the decisions which affect them.

4.3 We express the further hope that, through its Presidency of the European Union (EU) in the first half of 1998 and in the multilateral institutions where the United Kingdom is an influential voice, the Government will fulfil its plan, as set out in the White Paper, "to help mobilise the political will (with other donors and development agencies) to achieve the international development targets".

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